

Financial Statements

New Zealand International Commercial Pilot Academy Limited
For the year ended 30 June 2019

Prepared by Doyle and Associates The Accountants Ltd

Contents

| | |
|----|-----------------------------------|
| 3 | Directory |
| 5 | Statutory information |
| 9 | Statement of Responsibility |
| 10 | Statement of Service Performance |
| 12 | Statement of Comprehensive Income |
| 13 | Statement of Changes in Equity |
| 14 | Statement of Financial Position |
| 15 | Statement of Cash Flows |
| 16 | Notes to the Financial Statements |

Directory

New Zealand International Commercial Pilot Academy Limited For the year ended 30 June 2019

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

Doyle & Associates the Accountants Ltd

32 Taupo Quay

Whanganui

Bankers

ANZ Bank

Corner Cuba & Rangitikei Streets

Palmerston North


CW

Solicitors

David Robertson

Armstrong Barton

8 Bell Street

Whanganui 4541

Shareholders

Whanganui District Council Holdings Limited: 1,315,747 shares


CW

Statutory information

New Zealand International Commercial Pilot Academy Limited For the year ended 30 June 2019

The Directors present their report and the financial statements for the year ended 30 June 2019.

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 \$442,367 (2018:\$327,399) for the New Zealand International Commercial Pilot Academy Limited for the year ended 30 June 2019. Equity at the end of the year was \$368,960 (2018:\$520,130).

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):

| | |
|--------------------------|---|
| Matthew Doyle (Chairman) | \$Nil in Monthly fees (2018:\$9,000) |
| | \$Nil in Day fees for additional work done. (2018: \$Nil) |
| | \$Nil (2018: \$9,000) |
| Harvey Green | \$Nil in Monthly fees (2018:\$9,000) |
| (Resigned 31/3/2018) | \$Nil in Day fees and reimbursements (2018: \$Nil) |
| | \$Nil (2017: \$9,000) |
| Charlie Anderson | \$Nil in Monthly Fees (2018:\$10,000) |

The Directors have made the following declaration of interest:

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

| | | |
|------------------|--|----------------|
| Charlie Anderson | Mid West Helicopters | Board Advisory |
| | New Zealand International Commercial Pilot Academy Ltd | Director |
| | Sommerville Disability Services | Board member |
| | Wanganui Education Trust | Board member |
| | Whanganui District Council | Councillor |
| | Whanganui District Health Board | Board member |

| | | |
|-----------|--|------------------------|
| David Rae | Astronomy NZ Ltd | Director |
| | David Rae Associates Ltd | Director / Shareholder |
| | GasNet Limited | Director |
| | Metis Research Ltd | IC member |
| | MyFiduciary Ltd | Principal |
| | New Zealand International Commercial Pilot Academy Limited | Director |
| | PIF Guardians Ltd | Director |
| | Public Infrastructure Partners Fund III | AC Member |
| | Te Puia Tapapa Limited Partnership | IC Member |
| | The New Zealand Refining Company Pension Fund | Trustee |
| | The New Zealand Refining Nominees Ltd | Director |
| | Whanganui District Council Holdings Ltd | Director |

| | | |
|---------------|--|----------|
| Matthew Doyle | 32 TQ Limited | Director |
| | Doyle & Associates – The Accountants Limited | Director |
| | Doyle Audit Chartered Accountants Limited | Director |
| | GasNet Ltd | Director |
| | McCarthy Transport Assets Limited | Director |
| | McCarthy Transport Contractors Limited | Director |
| | McCarthy Transport Holdings Limited | Director |
| | New Zealand International Commercial Pilot Academy Ltd | Director |
| | Whanganui District Council Holdings Ltd | Director |

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

| | | |
|--------------|--|----------------------|
| Simon Karipa | Charities Registration Board | Member |
| | Crown Forestry Rental Trust | Alternate Trustee |
| | GasNet Ltd | Director |
| | Karipa Marumaru 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 | 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 \$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 2019 audit of \$16,610 (2018:\$16,323) 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 2019

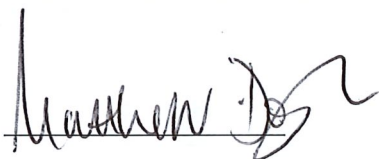
The Board is responsible for the preparation of the New Zealand International Commercial Pilot Academy Limited financial statements and statement of service performance, and for the judgements made in them.

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 2019.

APPROVED

For and on behalf of the Board of Directors.



Matthew Doyle

Date: 23.09.2019



Annette Main

Date: 23.09.2019

Statement of Service Performance

New Zealand International Commercial Pilot Academy Limited For the year ended 30 June 2019

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 Dublin Street student flats, and other accommodation providers used within the Whanganui city. The new Nazareth student facility has been settled on the 9th of August 2019, and this will further add to the pastoral care and community economic development goals with the employment of new staff, and facility managers.

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 18/19. Increasing flying hours from 3,926 to 7,015 and revenue from \$1,291,007 to \$2,278,081.

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.

| | 2019 | 2019 SOI | 2018 |
|---|-----------|----------|-----------|
| Description and Quantification of the Entity's Outputs | | | |
| EBITDA for the year before one off costs | (308,260) | - | (436,679) |
| One off Costs | 19,850 | - | - |
| EBITDA | (328,110) | 100,000 | (436,679) |
| Return % | (89) | 15 | (84) |
| | 2019 | 2019 SOI | 2018 |

Other Performance Objectives

| | 2019 | 2019 SOI | 2018 |
|--|------|----------|------|
| Donations | 100 | 500 | 100 |
| Flying hours available to community groups | 55 | 50 | 67 |

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 14.5% (2018:25.1%) so within the range set out on the Statement of Intent.

| | 2019 | 2019 SOI | 2018 |
|---|-------------|----------|-------------|
| Consolidated Shareholder Funds | \$368,960 | - | \$520,130 |
| Total Assets | \$2,538,913 | - | \$2,074,448 |
| Ratio Shareholder Funds Divided by Total Assets | 14.5% | < 50% | 25.1% |

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.

| | 2019 | 2019 SOI | 2018 |
|--|-------|----------|-------|
| Student Numbers | 63 | 55 | 48 |
| Flying Hours | 7,015 | 7,200 | 3,926 |
| Margin per Flying Hour | \$62 | \$40 | \$65 |
| Holdings aircraft utilization percentage | 64% | 50% | 56% |

Statement of Comprehensive Income

New Zealand International Commercial Pilot Academy Limited

For the year ended 30 June 2019

| | NOTES | 2019 (\$) | 2018 (\$) |
|--|-------|------------------|------------------|
| Trading Income | | | |
| Flight Training Income | 2 | 2,271,441 | 1,226,810 |
| Charter Income | 2 | 6,639 | 64,197 |
| Total Trading Income | | 2,278,081 | 1,291,007 |
| Cost of Services | | | |
| Cost of Sales | 3 | 1,311,244 | 746,002 |
| Total Cost of Services | | 1,311,244 | 746,002 |
| Gross Profit | | 966,836 | 545,005 |
| Student Accomodation | | | |
| Student Accommodation Income | 2 | 205,137 | 113,534 |
| Student Accommodation Expenses | 3 | (181,034) | (108,942) |
| Total Student Accomodation | | 24,103 | 4,592 |
| Other Income | | | |
| Other Income | 2 | 32,705 | 7,638 |
| Total Other Income | | 32,705 | 7,638 |
| Total Income | | 1,023,644 | 557,235 |
| Expenses | | | |
| Administration and Operating Costs | 3 | 493,446 | 398,258 |
| Motor Vehicle Expenses | 3 | 7,855 | 5,313 |
| Repairs and maintenance | 3 | 28,483 | 10,446 |
| Travel and Accommodation | 3 | 27,284 | 15,836 |
| Wages and salaries | 3 | 794,685 | 564,062 |
| Total Expenses | | 1,351,754 | 993,914 |
| Net Profit (Loss) before Depreciation | | (328,110) | (436,679) |
| Depreciation Expense | | | |
| Depreciation on Fixed Assets | 3 | 20,722 | 17,528 |
| Engine Overhaul Depreciation | | 13,917 | - |
| Net Profit/(Loss) after Depreciation | | (362,749) | (454,207) |
| Tax Expense | | | |
| Tax Expense | 8 | 79,617 | (126,808) |
| Profit after tax attribution to Shareholders | | (442,367) | (327,399) |
| Other Comprehensive Income | | | |
| Total Comprehensive Income attributable to Shareholders | | (442,367) | (327,399) |

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.


CW

Statement of Changes in Equity

New Zealand International Commercial Pilot Academy Limited

For the year ended 30 June 2019

| | NOTES | 2019 (\$) | 2018 (\$) |
|--|-------|--------------|--------------|
| Equity | | | |
| Opening Balance | | 520,130 | 423,079 |
| Comprehensive Income | | | |
| Surplus/ (deficit) after tax for continuing operations | 14 | (442,367) | (327,399) |
| Total Comprehensive Income | | (442,367) | (327,399) |
| Transactions with Shareholders | | | |
| Share Capital - Issued | 14 | 291,197 | 424,450 |
| Total Transactions with Shareholders | | 291,197 | 424,450 |
| Total Equity | | 368,960 | 520,130 |

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.



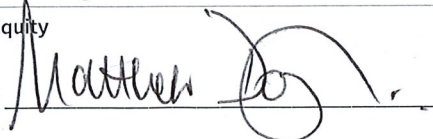
Statement of Financial Position

New Zealand International Commercial Pilot Academy Limited

As at 30 June 2019

| | NOTES | 2019 (\$) | 2018 (\$) |
|---------------------------------------|-------|------------------|------------------|
| Assets | | | |
| Current Assets | | | |
| Cash and Cash equivalents | 4 | 93,775 | 187,832 |
| Trade and Other Receivables | 4 | 1,742,504 | 1,204,184 |
| Inventories/ WIP | 4 | 7,565 | 12,917 |
| Income Tax Receivable | 4 | 6,963 | 4,844 |
| Other Current Assets | 4 | 4,640 | - |
| Total Current Assets | | 1,855,447 | 1,409,778 |
| Non-Current Assets | | | |
| Deferred Tax | 8 | 115,248 | 194,866 |
| Property, Plant and Equipment | 7 | 63,308 | 73,805 |
| Intangibles | | | |
| Goodwill | 6 | 396,000 | 396,000 |
| Vietnam CAA License | 4 | 18,129 | - |
| Other Non-Current Assets | | | |
| Engine Overhaul | 4 | 90,781 | - |
| Total Other Non-Current Assets | | 90,781 | - |
| Total Non-Current Assets | | 683,466 | 664,670 |
| Total Assets | | 2,538,913 | 2,074,448 |
| Liabilities | | | |
| Current Liabilities | | | |
| Trade and Other Payables | 5 | 552,198 | 443,387 |
| GST Payable | 5 | 5,725 | 18,043 |
| Employee Entitlements | 5 | 115,148 | 68,556 |
| Income in Advance | 5 | 1,483,862 | 1,015,427 |
| Deposits Held Student Accommodation | 5 | 13,020 | 8,905 |
| Total Current Liabilities | | 2,169,953 | 1,554,318 |
| Total Liabilities | | 2,169,953 | 1,554,318 |
| Net Assets | | 368,960 | 520,130 |
| Equity | | | |
| Share Capital | 14 | 1,315,747 | 1,024,550 |
| Retained Earnings | 14 | (946,787) | (504,420) |
| Total Equity | | 368,960 | 520,130 |

Director



Director



Date: 23.09.2019

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 2019

| | Notes | 2019 (\$) | 2018 (\$) |
|---|-----------|------------------|------------------|
| Cash Flows from Operating Activities | | | |
| Receipts from rental income | | 203,070 | 122,268 |
| Receipts from customers | | 2,329,599 | 1,276,977 |
| Payments to suppliers and employees | | (1,847,756) | (1,551,326) |
| Rent and Lease payments | | (572,235) | (98,778) |
| Interest received | | 7,101 | 4,700 |
| Income tax refunded/ (paid) | | (2,119) | (2,524) |
| GST | | (66,458) | 16,336 |
| Cash payments from other operating activities | | 0 | (2,856) |
| Total Cash Flows from Operating Activities | 16 | 51,201 | (235,203) |
| Cash Flows from Investing Activities | | | |
| Payment for property, plant and equipment | | (122,490) | (64,463) |
| Bonds Paid Student Accomodation | | (4,640) | 0 |
| Vietnam CAA Fees | | (18,129) | |
| Interest Held by Public Trust | | | (56) |
| Total Cash Flows from Investing Activities | | (145,258) | (64,519) |
| Cash Flows from Financing Activities | | | |
| Proceeds of long-term loans | | 0 | 360,000 |
| Repayment of long-term loans | | 0 | 0 |
| Total Cash Flows from Financing Activities | | 0 | 360,000 |
| Net Cash Flows | | (94,057) | 60,278 |
| Cash Balances | | | |
| Cash and cash equivalents at beginning of period | 4 | 187,832 | 127,554 |
| Cash and cash equivalents at end of period | 4 | 93,775 | 187,832 |
| Net change in cash for period | | (94,057) | 60,278 |
| Note | | | |
| Non-cash Financial Transactions: | | | |
| Conversion of Debt to Equity | | 291,197 | 424,450 |

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 2019

1. Statement of Accounting Policies

Reporting Entity

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 Limited, a Council Controlled Organisation of Whanganui District Council. 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 2019. These financial statements were authorised for issue in accordance by the Board of Directors dated 23 September 2019.

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

Basis of Preparation

These financial statements have been prepared in accordance with the requirements of the Companies Act 1993 and the Local Government Act 2002. The financial statements have also been prepared in accordance with Generally Accepted Accounting Practice in New Zealand and therefore comply with the New Zealand equivalent of the International Financial Reporting Standards Reduced Disclosure Regime.

For the purposes of complying with NZ GAAP, the Company is eligible to apply Tier 2 For-profit Accounting Standards (New Zealand equivalents to International Financial Reporting Standards – Reduced Disclosure Regime ('NZ IFRS RDR')) on the basis that it does not have public accountability and is not a large for-profit public sector. The Company has elected to report in accordance with NZ IFRS RDR and has applied disclosure concessions except for cash flow reconciliations.

For this purpose the Company has designated itself as a for profit entity. The financial statements are prepared using the historical cost basis. The financial statements are presented in New Zealand dollars, which is the companies functional currency.

Changes in Accounting Policies

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

IFRS 9 and 15 have come into effect these have no impact on NZICPA reporting no comparatives have needed to be adjusted in order to comply with these new accounting standards.

Specific Accounting Policies

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

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services, excluding goods and services tax rebates and discounts, to the extent it is probable that the economic benefits will flow to the company and revenue can be reliably measured. NZICPA satisfies its performance obligations of IFRS 15 and recognises revenue over time.

Student tuition fees for flight training and sale of services are recognised in the period by reference to the stage of completion of the transaction at the end of the reporting period.

- Government grants are recognised upon entitlement.
- Lease income is recognised on a straight line basis over the life of the lease.
- Interest received is recognised as interest accrues, by reference to the principle outstanding and the effective interest rate applicable.
- Sales of Goods is recognised when the product is sold to the customer.
- Student Accommodation income is recognised in the period that it is received.

Property, Plant and Equipment and Investment Property

Property, plant and equipment are initially recorded at cost. The initial cost of property, plant and equipment includes the purchase consideration and those costs that are directly attributable in bringing the asset into the location and condition necessary for its intended purpose. Subsequent expenditure that extends the asset's service potential is capitalised.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the statement of comprehensive income.

Other assets are recorded at cost less accumulated depreciation.

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% - 40% |
| Plant & Equipment | Straight Line | 10.5% - 67% |
| Purchases - 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 have been written off to Nil in the current year. This is because the Company has started to produce its own study guides rather than purchase and stock external reference books and any other equipment is now only ordered as needed.

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

Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Payments under these leases are charged as expenses in the periods in which they are incurred.

Leases which effectively transfer to the lessee substantially all the risks and benefits incidental to ownership of the leased item are classified as finance leases. These are capitalised at the lower of the fair value of the asset or the present value of the minimum lease payments. The leased assets and corresponding lease liabilities are recognised in the Statement of Financial Position.

The leased assets are depreciated over the period the Company is expected to benefit from their use.

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 Financial Performance.

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 any outstanding debtor balance has been paid.

The trade receivables have been assessed at balance date for an impairment. It was assessed that there was an impairment of the receivables as it is doubtful payment will be received from one student. All other debtors have payment arrangements in place. The amounts owing from two students last year (that were treated as doubtful debts in 2018) have been written off, as Management has made an assessment that they will not be recoverable. These debts were incurred before the new debtor management practices were put in place.

All receivables are 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 income 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 shareholders. Based on the continuing financial support of its shareholders, the company would satisfy the solvency requirements of the Companies Act 1993.

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, and related 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 new standard IFRS 9 NZICPA meets its requirements.

Impairment of Financial Assets

Loans and other receivables

Impairment of a loan receivable is established when there is objective evidence that NZICPA will not be able to collect amounts due according to the original terms of the debt. Significant financial difficulties of the debtor/issuer, probability that the debtor/issuer will enter into bankruptcy, and default in payments are considered indicators that the asset is impaired.

The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written off against the allowance account.

Overdue receivables that have been renegotiated are reclassified as current (i.e. not past due).

For term deposits, impairment losses are recognised directly against the instruments carrying amount.

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.

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 income, 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; and

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 assets 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.

Other disclosures relating to the companies exposure to risks and uncertainties include:

- Goodwill refer to - Intangible Asset Policy and Note 6

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 profit or loss when the asset is derecognised.

Engine Overhauls

Major maintenance of airframes and engines, including replacement spares and parts, labor 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 are charged to operating expenses in the income statement as incurred.

| | 2019 (\$) | 2018 (\$) |
|---|------------------|------------------|
| 2. Analysis of Revenue | | |
| Revenue from providing goods or services | | |
| Flight Training Income | | |
| Flight Training Income - Flying Instruction | 1,414,900 | 747,746 |
| Flight Training Income - Ground Instruction | 560,127 | 278,372 |
| Stock Sales from Inventory | 71,783 | 19,764 |
| TEC First Year Funding | 29,575 | 875 |
| TEC SAC Funding | 195,055 | 180,054 |
| Total Flight Training Income | 2,271,441 | 1,226,810 |
| Charter Income | | |
| Charter Income | 3,681 | 61,370 |
| Hireage of Aircraft | 418 | - |
| Promotional Income | 2,540 | 2,827 |
| Total Charter Income | 6,639 | 64,197 |
| Total Revenue from providing goods or services | 2,278,081 | 1,291,007 |
| Student Accommodation Income | | |
| Rent Received Student Accomodation | 205,137 | 113,534 |
| Total Student Accommodation Income | 205,137 | 113,534 |
| Other revenue | | |
| Facility Hire | 2,960 | 1,480 |
| Fuel Sales | 76 | 1,284 |
| Interest Income | 7,101 | 4,700 |
| Medicals - recharged | 10,827 | - |
| Sundry Income | 11,742 | 174 |
| Total Other revenue | 32,705 | 7,638 |

| | 2019 (\$) | 2018 (\$) |
|---|------------------|----------------|
| 3. Analysis of Expenses | | |
| Costs related to providing goods or services | | |
| Airport Landing Charges (Non-Whanganui) | 7,556 | 4,148 |
| Airport Landing Charges (Whanganui Landing Fees) | 49,210 | 28,064 |
| Aircraft Hire Expenses | 235,506 | 165,470 |
| Airways Charges Expenses | 17,896 | 7,465 |
| Charter Expenses | 577 | - |
| Commission overseas Students | 122,860 | 56,916 |
| Customer Amenities | 11,964 | 8,253 |
| Discount - Provided to students | 7,356 | 9,465 |
| Exam Fees | 133,330 | 58,522 |
| Fuel & Oil | 320,004 | 168,493 |
| Hireage of Aircraft - WDCHL | 85,350 | 65,250 |
| Insurance | 36,730 | 13,816 |
| International Student Expenses | 20,967 | 696 |
| Occurrence Investigation Fees | 957 | 1,953 |
| Repairs & Maintenance Aircraft | 186,283 | 96,139 |
| Stock from Inventory | 45,880 | 22,218 |
| Student Training Expenses | 28,819 | 39,134 |
| Total Costs related to providing goods or services | 1,311,244 | 746,002 |
| Student Accommodation Expenses | | |
| Cleaning Student Accomodation | 20,076 | 10,866 |
| Light, Power & Heating Student Accomodation | 24,292 | 12,537 |
| Rent Paid Student Accomodation | 132,774 | 83,550 |
| Repairs & Maintenance Student Accomodation | 932 | 855 |
| Telephone & internet Student Accomodation | 2,961 | 1,134 |
| Total Student Accommodation Expenses | 181,034 | 108,942 |
| Expenses | | |
| Administration and Operating Costs | | |
| ACC | - | 4,935 |
| Accounting - external support | 24,000 | 24,000 |
| Accounting - Audit NZ & TEC support | 5,000 | 9,680 |
| Advertising | 17,123 | 26,822 |
| Advisory Board Expenses | 617 | 586 |
| Educational Audit Fees | 5,509 | 1,900 |
| Audit NZ Fees | 16,960 | 16,323 |
| Audit NZ Fees for other services | - | 3,452 |
| Bank Fees | 1,037 | 1,048 |
| Bank Merchant Fees | 1,243 | 445 |
| Board Expenses (Includes Directors Fees, room hireage & catering) | 78 | 28,648 |
| CAA Licence Fees | 19,115 | 28,730 |
| Cleaning | 19,972 | 14,615 |

| | 2019 (\$) | 2018 (\$) |
|---|----------------|----------------|
| Computer Expenses | 16,964 | 12,864 |
| Consultancy | 447 | 30,211 |
| Donations | 100 | 100 |
| Entertainment | 1,258 | 1,150 |
| Entertainment - Non deductible | 1,446 | 1,323 |
| Equipment Rental | 1,634 | 1,362 |
| General Expenses | 5,131 | 1,945 |
| Graduation Expenses | 12,716 | 5,659 |
| Indigo Project Expenses | 19,850 | - |
| Insurance - other than on planes | 11,113 | 10,727 |
| Legal expenses | 5,120 | 4,735 |
| Light, Power, Heating | 14,082 | 11,548 |
| NZQA Fees | 15,293 | 12,350 |
| Office Expenses | 17,075 | 11,042 |
| Postage | 1,073 | 1,167 |
| Printing & Stationery | 6,107 | 8,157 |
| Professional Development | 20,366 | 234 |
| Protective Clothing & Uniforms | 11,612 | 7,338 |
| Provision for Doubtful Debts | - | 7,736 |
| Public Trust Fees | 5,290 | 3,542 |
| Re Licensing Costs Due to shifting | - | 2,895 |
| Rates | 6,385 | - |
| Rent - Hanger | 118,606 | 65,278 |
| Security | 2,567 | 809 |
| Shifting Costs | - | 2,848 |
| Safety Management System Expenses | 36,573 | - |
| Staff Training | 16,260 | 5,014 |
| Subscriptions | 22,529 | 13,828 |
| Telephone & Internet | 10,594 | 10,398 |
| Tracking Fee | 2,601 | 2,813 |
| Total Administration and Operating Costs | 493,446 | 398,258 |
| Motor Vehicle Expenses | | |
| Motor Vehicle Expenses - Van | 3,752 | 3,937 |
| Motor Vehicle Expenses - CEO | 4,103 | 1,376 |
| Total Motor Vehicle Expenses | 7,855 | 5,313 |
| Repairs & Maintenance | | |
| Plant & Equipment < \$500 | 359 | 2,856 |
| Repairs and Maintenance - Building | 21,250 | 4,201 |
| Repairs and Maintenance - Plant | 6,874 | 3,388 |
| Total Repairs & Maintenance | 28,483 | 10,446 |
| Travel & Accommodation | | |
| Travel & Accommodation - International | 21,233 | 12,357 |

| | | |
|---|------------------|------------------|
| Travel & Accommodation - National | 6,051 | 3,479 |
| Total Travel & Accommodation | 27,284 | 15,836 |
| Wages & Salaries | 794,685 | 564,062 |
| Depreciation | | |
| Depreciation Fixed Assets | | |
| Motor Vehicles | 11,240 | 9,519 |
| Office Equipment | 6,155 | 4,682 |
| Plant & Equipment | 3,327 | 3,327 |
| Total Depreciation Fixed Assets | 20,722 | 17,528 |
| Engine Overhaul Depreciation | 13,917 | - |
| Total Depreciation | 34,640 | 17,528 |
| Total Expenses | 1,386,394 | 1,011,442 |
| | 2019 | 2018 |
| | (\$) | (\$) |

4. Analysis of Assets

Cash and Cash equivalents

| | | |
|--|---------------|----------------|
| Cheque Account | 27,534 | 181,784 |
| Savings Account (on call) | 60,387 | 212 |
| Student Account (on call) | 5,854 | 5,837 |
| Total Cash and Cash equivalents | 93,775 | 187,832 |

Trade & other receivables & Prepayments

| | | |
|--|------------------|------------------|
| Accounts Receivable | 263,849 | 214,336 |
| less Provision for Doubtful Debts | (8,146) | (17,973) |
| Prepayment Rent | 5,027 | - |
| Prepayment Travel | 7,457 | - |
| Student Fees held by Public Trust | 1,474,317 | 1,007,822 |
| Total Trade & other receivables & Prepayments | 1,742,504 | 1,204,184 |

Inventory

| | | |
|------------------------|--------------|---------------|
| Work in Progress | 7,565 | - |
| Inventory | - | 12,917 |
| Total Inventory | 7,565 | 12,917 |

Income Tax Receivable

| | | |
|------------------------------------|--------------|--------------|
| Income Tax Receivable | 6,963 | 4,844 |
| Total Income Tax Receivable | 6,963 | 4,844 |

Other current assets

| | | |
|-----------------------------------|--------------|----------|
| Bonds paid student accommodation | 4,640 | - |
| Total Other current assets | 4,640 | - |

Non-current assets

| | | |
|----------------------------|---------|---------|
| Deferred Tax asset | 115,248 | 194,866 |
| Goodwill (also see note 6) | 396,000 | 396,000 |
| Vietnam CAA Fees | 18,129 | - |

| | 2019 (\$) | 2018 (\$) |
|------------------------------------|----------------|----------------|
| Engine Overhaul Cost | | |
| Engine Overhaul Cost | 104,699 | - |
| Engine Overhaul Provision Expensed | (13,917) | - |
| Total Engine Overhaul Cost | 90,781 | - |
| Total Non-current assets | 620,158 | 590,866 |

5. Analysis of Liabilities

| | | |
|--|------------------|------------------|
| Trade & Other payables | | |
| Accounts Payable | 534,544 | 432,207 |
| Paye Liability | 16,939 | 11,181 |
| Rent - Student Rent Account | 715 | - |
| Total Trade & Other payables | 552,198 | 443,387 |
| GST | | |
| GST | 5,725 | 18,043 |
| Employee costs payable | | |
| Accrued Wages | 40,250 | 31,060 |
| Accrued Annual Leave | 74,378 | 37,003 |
| Contractor Payment Deduction | 520 | 493 |
| Total Employee costs payable | 115,148 | 68,556 |
| Deposits Held | | |
| Deposits Held Student Accommodation | 13,020 | 8,905 |
| Income in advance | | |
| Prepaid Flight Packages | 9,545 | 7,605 |
| Student Income in Advance held by Public Trust | 1,474,317 | 1,007,822 |
| Total Income in advance | 1,483,862 | 1,015,427 |

6. Goodwill

Goodwill of \$396,000 has 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 has been assessed as being of value and no impairment has been deemed necessary by the Directors. This assessment has been based on a 15 year discounted cash flow calculation of net present values at discount rates of 10, 12.5 and 15%. The Discounted cash flow was based on the budget for the 2020 Financial year.

7. Property, Plant and Equipment

| 2018 | Motor Vehicles | Office Equipment | Plant & Equipment | Total |
|--------------------------|----------------|------------------|-------------------|---------|
| Cost | 53,524 | 20,169 | 28,008 | 101,701 |
| Accumulated Depreciation | 11,193 | 7,231 | 9,472 | 27,896 |
| Net Book Value | 42,331 | 12,938 | 18,536 | 73,805 |

| 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 |

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

| 2018 | Motor Vehicles | Office Equipment | Plant & Equipment | Total |
|-----------------|----------------|------------------|-------------------|--------|
| Opening Balance | 42,331 | 12,938 | 18,536 | 73,805 |
| Additions | | 9,712 | 514 | 10,226 |
| Disposals | | | | |
| Revaluations | | | | |
| Depreciation | 11,240 | 6,155 | 3,327 | 20,722 |
| Net book value | 31,091 | 16,495 | 15,722 | 63,308 |

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.

8. Income Tax

| | 2019 (\$) | 2018 (\$) |
|---|---------------|------------------|
| 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 | 79,617 | (126,808) |
| Total Component of tax expense | 79,617 | (126,808) |

2019 2018

(\$) (\$)

Relationship between tax expense and accounting profit

| | | |
|-----------------------------------|-----------|-----------|
| Net surplus before tax | (362,749) | (454,207) |
| Tax at 28% | (101,570) | (127,178) |
| Plus (less) tax effect of: | | |
| Non-deductible expenditure | 405 | 370 |
| Imputation Credit Adjustment | - | - |
| Non-taxable income | - | - |
| Prior year Adjustment | - | - |
| Group loss offset | - | - |
| Deferred tax adjustment | 180,782 | - |
| Tax Expense | 79,617 | (126,808) |

Deferred tax asset (liability)

| | Property, plant and equipment | Employee entitlements | Other provisions | Tax losses | Total |
|---------------------------------------|-------------------------------|-----------------------|------------------|------------|---------|
| Balance at 30 June 2017 | 0 | 6,465 | 2,867 | 58,726 | 68,058 |
| Charged to surplus or deficit | 0 | 3,896 | 2,165 | 120,746 | 126,807 |
| Charged to other comprehensive income | 0 | 0 | 0 | 0 | 0 |
| Balance at 30 June 2018 | 0 | 10,361 | 5,032 | 179,473 | 194,866 |
| Charged to surplus or deficit | 0 | 10,465 | -2,751 | -87,331 | -79,617 |
| Charged to other comprehensive income | 0 | 0 | 0 | 0 | 0 |
| Balance at 30 June 2019 | 0 | 20,826 | 2,281 | 92,141 | 115,248 |

2019 (\$) 2018 (\$)

9. Borrowings - Whanganui District Council Holdings Limited**Non-Current Portion**

| | | |
|---|---|---|
| Secured Loans | - | - |
| Total Non-Current Portion | - | - |
| Total Borrowings - Whanganui District Council Holdings Limited | - | - |

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 2019 year \$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.

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

(2018: \$424,450 of the loan was converted to 424,450 ordinary shares worth \$1 per share on the 12th June 2018 under a debt conversion agreement.) This was to meet TEC Debt to Equity Ratio guidelines.

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

| | 2019 (\$) | 2018 (\$) |
|--|----------------|----------------|
| 10. Compensation for Key Management Personnel | | |
| Salaries & Short Term Benefits | 153,388 | 115,061 |
| Professional Development | 20,366 | 234 |
| Post-employment benefits | - | - |
| Other long-term benefits | - | - |
| Termination benefits | - | - |
| Directors benefits | - | 28,000 |
| Directors benefits whilst overseas | - | - |
| Total Compensation for Key Management Personnel | 173,754 | 143,295 |

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 2019 financial year, no Directors travelled overseas.

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. (2018: Nil)

13. Related Parties

The following transactions with related parties occurred during the year:

- During the 2019 financial year, WDCHL advances \$ 291,197 to the company to assist with working capital needs (due to growth).
- On the 4th of December 2018, The Whanganui District Council resolved to covert this advance into share capital. (2018:424,450)
- NZICPA paid WDCHL \$85,350 for the lease of the Holdings aircraft for the year. (2018: \$65,250).
- NZICPA paid WDCHL \$113,000 for the lease of the hangar. (2018:\$56,500).
- NZICPA paid WDC \$5,606 for land lease for the year. (2018:\$467).
- Matthew Doyle is a Director of NZICPA and Principle at Doyle & Associates the Accountants Ltd & Doyles Audit. NZICPA paid Doyle & Associates a total of \$\$29,000 in the 2019 financial year for accounting services. (2018: \$33,680). NZICPA also paid Doyles Audit \$2,500 in the 2019 financial year for an agreed upon procedure review for TEC.
- NZICPA tax loss of \$645,651 was used to offset income in GasNet.(Tax effect of \$180,782)

| | 2019 (\$) | 2018 (\$) |
|---|------------------|------------------|
| 14. Equity | | |
| Share Capital - 1,315,747 ordinary shares issued & paid up | | |
| Opening Balance | 1,024,550 | 600,100 |
| Ordinary shares - issued & paid up | 291,197 | 424,450 |
| Total Share Capital - 1,315,747 ordinary shares issued & paid up | 1,315,747 | 1,024,550 |
| Retained Earnings | | |
| Opening Balance | (504,420) | (177,021) |

| | 2019 (\$) | 2018 (\$) |
|-------------------------|----------------|----------------|
| Current Year Earnings | (442,367) | (327,399) |
| Total Retained Earnings | (946,787) | (504,420) |
| Total Equity | 368,960 | 520,130 |

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 & receivables at amortised cost \$1,742,504 (2018: \$1,204,184)

Financial Liabilities

- Financial liabilities loans & borrowings (Note 9) \$Nil (2018: \$Nil)
- Other Financial liabilities at amortised cost - Trade & other payables (Note 5) \$552,198 (2018: \$443,387)

| | 2019 (\$) | 2018 (\$) |
|--|--------------|--------------|
|--|--------------|--------------|

16. Reconciliation of Cash Flows from Operating Activities

| | | |
|---|----------------|------------------|
| Profit / (Loss) for the year | (442,367) | (327,399) |
| Add / (Deduct) Non-Cash Items | | |
| Depreciation, Amortisation and Impairment | 34,639 | 17,528 |
| Fair Value Movements on Financial Instruments through Profit and Loss | - | - |
| Total Add / (Deduct) Non-Cash Items | 34,639 | 17,528 |
| Add / (Deduct) Movements in Working Capital | | |
| (Increase) / Decrease in Trade Debtors and Other Receivables | (538,320) | (3,138) |
| Increase / (Decrease) in Trade Creditors and Other Payables | 611,399 | 205,839 |
| Increase / (Decrease) in Income Tax | 2,119 | (1,404) |
| Increase / (Decrease) in Deferred Tax | 79,617 | (126,629) |
| Creditors converted to share capital | 291,197 | - |
| (Increase) / Decrease in Inventory | 12,917 | - |
| Total Add / (Deduct) Movements in Working Capital | 458,929 | 74,668 |
| Total Reconciliation of Cash Flows from Operating Activities | 51,201 | (235,203) |

17. Operating Lease Commitments

Payments made under operating leases (net of any incentives of the lessor) are charged to the income statement on a straight line basis over the period of the lease. Commitments for minimum lease payments in relationship to non-cancellable operating leases are as follows:

| | 2019 (\$) | 2018 (\$) |
|--|----------------|----------------|
| Operating Lease Commitments | | |
| Leases within 1 Year | 235,363 | 212,206 |
| Leases within 1 to 5 years | 371,480 | 453,756 |
| Leases after 5 years | 291,525 | - |
| Total Operating Lease Commitments | 898,368 | 665,963 |

New Zealand International Pilot Academy holds a number of operating leases:

Ground rental Airport Road 20 year lease \$22,425 per annum GST exclusive expiring 31 July 2037.

Building Lease Airport Road 5 Year Lease \$113,000 per annum GST exclusive expiring 31 December 2023.

Aircraft Lease currently \$111,150 per annum GST exclusive. Based on 6% of asset purchase price. Lease renewed annually.

18. Rounding

There will be rounding of numbers in the annual report. These rounded amounts may differ as the figures in the Statement of Financial Performance 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.

19. Events Occurring After Balance Date

On the 8 June 2019 New Zealand International Commercial Pilot Academy signed a cadet program with IndiGo Airways. The agreement is to train cadet students for IndiGo starting at 50 students for the first year starting January 2020 and growing to 100 students per year there after. (2018: There are no events after balance date that need disclosing.)