Whanganui Airport Joint Venture

Annual Report

For the year ended 30 June 2022

Contents

Whanganui District Council
101 Guyton Street
Whanganui

Whanganui Airport
Airport Road
Whanganui

Statement of comprehensive revenue and expense

For the year ended 30 June 2022

	Note	2022 $000	2021 $000
Revenue			
Operating revenue	**1**	344	334
Gain on sale Property Plant & Equipment		-	-
Gain on revaluation Property Plant & Equipment		-	-
Finance income	**2**	-	-
		344	**334**
Expenditure			
Personnel costs	**3**	264	230
Depreciation expense	**8**	282	268
Other expenses	**4**	370	323
Finance costs		-	-
		916	**822**
Surplus/(deficit) before tax		**(572)**	**(487)**
Income tax expense	**5**	(159)	(33)
Surplus/(deficit) after tax		**(413)**	**(454)**
Other comprehensive revenue and expense			
Gain/(loss) on property plant & equipment revaluations		103	1,556
Tax expense on other comprehensive income		(103)	(103)
Total other comprehensive revenue and expense		**-**	**1,454**
Total comprehensive revenue and expense		**(413)**	**999**
Attributable to:			
NZ Government		(206)	500
Whanganui District Council		(206)	500
		(413)	**999**

Statement of changes in equity

For the year ended 30 June 2022

	2022 $000	2021 $000
Balance as at 1 July	10,764	9,633
Amounts recognised directly in equity		
NZ Government capital contribution	-	66
WDC capital contribution	-	66
Transactions with owners	-	132
Comprehensive revenue and expense		
Surplus/(deficit) after tax	(413)	(454)
Other comprehensive revenue and expense	-	1,454
Total comprehensive revenue and expense	(413)	999
Balance at 30 June	**10,352**	**10,764**
Total comprehensive revenue and expense attributable to:		
NZ Government	(206)	500
Whanganui District Council	(206)	500
Total comprehensive revenue and expense	(413)	999

The accompanying notes form part of these financial statements.

Statement of financial position

As at 30 June 2022

	Note	2022 $000	2021 $000
Assets			
Current assets			
Cash and cash equivalents	**6**	113	50
Receivables	**7**	98	110
Inventory		-	-
		211	160
Non-current assets			
Property, plant and equipment	**8**	11,040	11,318
		11,040	11,318
Total assets		**11,251**	**11,478**
Liabilities			
Current liabilities			
Payables and deferred revenue	**9**	930	592
Employee entitlements	**10**	30	24
		960	616
Non-current liabilities			
Deferred taxation	**5**	(62)	97
Employee entitlements	**10**	1	1
		(61)	98
Total liabilities		**899**	**714**
Net assets		**10,352**	**10,764**
Equity	**11**		
Asset revaluation reserves		4,463	4,463
Accumulated funds		5,889	6,302
		10,352	**10,764**

For and on behalf of the Board :

Sarah O'Hagan
Chief Executive WAJV

Mike Fermor
General Manager Finance

The accompanying notes form part of these financial statements.

Statement of cash flows

For the year ended 30 June 2022

	Note	2022 $000	2021 $000
Cash flows from operating activities			
Receipts from customers		349	380
Interest received			
Payments to suppliers and employees		(631)	(591)
Taxes paid		1	()
Net cash from operating activities		**(280)**	**(211)**
Cash flows from investing activities			
Receipts from sale of property, plant and equipment		-	-
Purchase of property, plant and equipment		(5)	(77)
Net cash from investing activities		**(5)**	**(77)**
Cash flows from financing activities			
Capital contributions		-	131
Net cash from financing activities		**-**	**131**
Net increase/(decrease in cash and cash equivalents		(285)	(157)
Cash and cash equivalents at the beginning of the year		(367)	(210)
Cash and cash equivalents at the end of the year	**6**	**(652)**	**(367)**

The GST (net) component of operating activities reflects the net GST paid and received with the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

Cash and cash equivalents includes the following:

	2022 $000	2021 $000
Cash at bank and on hand	113	50
WDC current account	(766)	(417)
Total cash and cash equivalents	**(652)**	**(367)**

The accompanying notes form part of these financial statements.

Statement of accounting policies

For the period ended 30 June 2022

REPORTING ENTITY

The Whanganui Airport (WAJV) is a joint venture between the Whanganui District Council and the New Zealand Government established under the Airport Authorities Act 1966. WAJV is a Council Controlled Organisation (CCO) of the Whanganui District Council (WDC) as defined by section 6 of the Local Government Act 2002 and is domiciled in New Zealand.

The primary objective of WAJV is to provide high quality facilities and service commensurate with existing levels of aviation activity and in accordance with all the appropriate Acts, Regulations and Rules pertaining to airport and aviation operations of the size of Whanganui Airport, operate the airport in a sound and business-like manner and improve the long term value and financial performance of the airport along with improving the economic value of the airport to Whanganui. Accordingly, WAJV has designated itself as a public benefit entity (PBE) for Financial Reporting Purposes.

The financial statements of WAJV are for the year ended 30 June 2022. The financial statements were authorised for issue on 26 March 2024 by the Whanganui District Council.

BASIS OF PREPARATION
The financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the period. The going concern basis is appropriate because there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the WAJV to continue as a going concern.

Statement of compliance
The financial statements of WAJV have been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

These financial statements have been prepared in accordance with Tier 2 PBE accounting standards on the basis that the WAJV does not have public accountability (as defined) and has total annual expenses of less than $30 million. They comply with these PBE Standards.

The financial statements are prepared using the historical cost method, modified by the revaluation of land and buildings and certain infrastructural assets.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars. The WAJV's functional currency is New Zealand dollars.

SPECIFIC ACCOUNTING POLICIES

The following accounting policies, which materially affect the measurement of surplus or deficit and financial position, have been applied:

Revenue
Revenue is measured at the fair value of consideration received or receivable. The specific accounting policies for significant revenue items are explained below:

Provision of commercially based services
Revenue derived through the provision of services to third parties in a commercial manner is recognised in proportion to the stage of completion at balance date.

Vested assets
Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset received is recognised as income. Assets vested in WAJV are recognised as income when control over the asset is obtained, unless there is a use or return condition attached to the asset.

Sale of goods
Revenue from sales of goods is recognised when a product is sold to the customer.

Parking infringements
Parking infringements are recognised when tickets are issued.

Interest
Interest income is recognised using the effective interest method. Interest income on an impaired financial asset is recognised using the original effective interest rate.

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

Income Tax
Income tax expense is the aggregate of current period movements in relation to both current 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 tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

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

Deferred tax is measured at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities.

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

Deferred tax is 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 accounting profit nor taxable profit.

Current and deferred tax is recognised against the surplus or deficit for the period, except to the extent that it relates to a business combination, or to transactions recognised in other comprehensive revenue or expense or directly in equity.

Leases

Operating leases
An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

WDC from time to time funds the working capital of WAJV. At balance date this is represented as a current liability in the statement of financial position. The WDC current account is included in the statement of cash flows as it represents actual WAJV cash in flows and out flows.

Receivables
Receivables are recorded at their face value, less any provision for impairment. A receivable will be impaired when there is evidence that the amount due will not be fully collected. The amount that is impaired is the difference between the amount due and the present value of the amount expected to be collected.

Inventories
Inventories held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at cost (using the FIFO method), adjusted, when applicable, for any loss of service potential.

Inventories acquired through non-exchange transactions are measured at fair value at the date of acquisition.

Inventories held for use in the provision of goods and services on a commercial basis are valued at the lower of cost (using the FIFO method) and net realisable value.

The amount of any write-down for the loss of service potential or from cost to net realisable value is recognised in the surplus or deficit in the period of the write-down.

Property plant and equipment
Property, plant and equipment consists of:

Operational assets – these include land, buildings, motor vehicles and plant and equipment.

Infrastructure assets – this includes the airport runway.

Property, plant and equipment is shown at cost or valuation, less accumulated depreciation and impairment losses.

Revaluation
Land, buildings and infrastructural assets are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three years. All other asset classes are carried at depreciated historical cost.

WAJV assesses the carrying values of its revalued assets annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued.

WAJV accounts for revaluations of property, plant and equipment on a class of asset basis.

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expense.

Additions
The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to WAJV and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at fair value as at the date of acquisition.

Disposals
Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

Depreciation
Depreciation is provided on a straight-line basis on all property, plant and equipment other than land, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Buildings	28 to 50 years	2 – 3.5%
Plant and equipment	3 to 50 years	2 - 33.33%
Infrastructural assets		
Airport runway and other infrastructure	9 to 10 years	9 - 10%

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year-end.

Impairment of property, plant and equipment
Property, plant and equipment subsequently measured at cost that have an indefinite useful life, or are not yet available for use are not subject to amortisation and are tested annually for impairment.

Property, plant, and equipment and intangible assets subsequently measured at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit.

Value in use for non-cash- generating assets
Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return. For non-cash-generating assets, value in use is determined using an approach based on either a depreciated replacement cost

approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

Payables
Short-term creditors and other payables are recorded at their face value.

Borrowings
Borrowings are initially recognised at their fair value plus transaction costs. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless WAJV has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

Employee entitlements
Short-term employee entitlements
Employee benefits that WAJV expects to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at, balance date, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

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

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

Long-term employee entitlements
Entitlements that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave and retiring leave, have been calculated on an actuarial basis. The calculations are based on:
- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information; and
- the present value of the estimated future cash flows.

Presentation of employee entitlements
Sick leave, annual leave, vested long service leave, and non-vested long service leave and retirement gratuities expected to be settled within 12 months of balance date, are classified as a current liability. All other employee entitlements are classified as a non-current liability.

Equity
Equity is the community's interest in WAJV and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of reserves.

The components of equity are:
- accumulated funds
- property, plant and equipment reserves

Property revaluation reserves
This reserve relates to the revaluation of property, plant, and equipment to fair value.

Goods and Service Tax (GST)
All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Critical accounting estimates and assumptions
In preparing these financial statements WAJV has made estimates and assumptions concerning the future which 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. 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 WAJV 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 the WAJV to consider a number of factors such as the physical condition of the asset, expected period of use of the asset by WAJV, 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. WAJV minimises the risk of this estimation uncertainty by:

- an annual review by an independent contractor of the value of the infrastructure assets to determine if any material changes exist.
- physical inspection of assets
- asset replacement programs
- review of second hand market prices for similar assets
- analysis of prior assets sales; and
- completing a revaluation of the infrastructure assets every third year

WAJV has not made significant changes to past assumptions concerning useful lives and residual values. The carrying amounts of property, plant and equipment are disclosed in note 8.

WAJV infrastructural assets
There are a number of assumptions and estimates used when performing DRC valuations over infrastructural assets. These include:

- the physical deterioration and condition of an asset, for example WAJV could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets which are not visible, for example stormwater, wastewater and water supply pipes that are underground. This risk is minimised by WAJV performing a combination of physical inspections and conditional modelling assessments of underground assets;
- estimating any obsolescence or surplus capacity of an asset;
- estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then WAJV could be over or under estimating the annual depreciation charge recognised as an expense in the surplus or deficit. To minimise this risk, WAJV's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of the WAJV's asset management planning activities, which gives WAJV further assurance over its useful life estimates.

Valuations of infrastructural assets are performed in-house by experienced engineers and the valuations are peer reviewed by independent experts.

Changes in accounting policies
There have been no material changes to the accounting policies.

Notes to the Financial Statements

For the year ended 30 June 2022

1. Operating revenue

	2022 $000	2021 $000
Landing fees	167	167
Rentals and leases	140	113
Café income	2	2
Other	36	53
Total operating revenue	**344**	**334**

2. Finance income

	2022 $000	2021 $000
Finance income		
Interest income	-	-
Total finance income	**-**	**-**

3. Personnel costs

	2022 $000	2021 $000
Salaries and wages	258	224
Increase/(decrease) in employee entitlements/liabilities	6	7
Total personnel costs	**265**	**230**

4. Other expenses

	2022 $000	2021 $000
Consultancy	7	6
Audit fees	21	7
Repairs and maintenance	41	54
WDC administration	48	-
Cleaning and café contract	56	66
Other operating costs	197	190
Total operating expenses	**370**	**323**

Notes to the Financial Statements

For the year ended 30 June 2022

5. Tax	**2022 $000**	**2021 $000**
Components of tax expense		
Current tax expense	-	-
Deferred tax on temporary differences	(159)	(33)
Loss Off Sets	-	-
Deferred tax on temporary differences - prior year adjustment	-	-
Deffered tax adjustment	-	-
Income tax expense	**(159)**	**(33)**

Relationship between tax expense and accounting profit		
Surplus/(deficit) before tax	(572)	(487)
Tax @ 28%	(159)	(136)
Non-deductible expenditure	-	-
Tax charged to equity	-	103
Loss Off Sets	-	-
Prior year adjustment to deferred tax	-	-
Deffered tax adjustment	-	-
Tax expense	**(159)**	**(33)**

Deferred tax liabilities	**Property plant and equipment $000**	**Non-deductible provisions $000**	**Tax losses $000**	**Total $000**
Balance 30 June 2020	1,318	(4)	(1,184)	130
Charged to profit and loss	(36)	(2)	(97)	(135)
Charged to equity	103	-	-	103
Balance 30 June 2021	1,384	(6)	(1,281)	97
Charged to profit and loss	(43)	(1)	(115)	(159)
Charged to equity	-	-	-	-
Balance 30 June 2022	1,341	(7)	(1,397)	(62)

A deffered tax asset has not been recognised in relation to tax losses of Nil (2021: $nil).

6. Cash and cash equivalents	**2022 $000**	**2021 $000**
Cash at bank and on hand	113	50
Total cash and cash equivalents	**113**	**50**

Cash and cash equivalents include the following for the purposes of the statement of cash flows:

	2022 $000	**2021 $000**
Cash at bank and on hand	113	50
WDC current account	(766)	(417)
Total cash and cash equivalents	**(652)**	**(367)**

The carrying value of cash at bank and term deposits with maturities less than three months approximate their fair value.

Notes to the Financial Statements

For the year ended 30 June 2022

7. Debtors and other receivables	**2022 $000**	**2021 $000**
Related party receivables (note 14)	-	-
Other	98	110
Gross debtors and other receivables	98	110
Less provision for impairment	-	-
Total debtors and other receivables	**98**	**110**

Movements in the provision for impairment of receivables are as follows:

	2022 $000	**2021 $000**
At 1 July	-	-
Additional provisions made during the year	-	-
Provisions reversed during the year	-	-
Receivables written-off during period	-	-
At 30 June	**-**	**-**

Total receivables comprise:		
Receivables from exchange transactions	98	110
Receivables from non exchange transactions	-	-
Gross Receivables	98	110

Notes to the Financial Statements

For the year ended 30 June 2022

8. Property, plant and equipment

	Cost/ valuation 1 July 2021 $000	Accumulated depreciation and impairment charges 1 July 2021 $000	Carrying amount 1 July 2021 $000	Current year additions $000	Current year disposals $000	Current year depreciation and impairment charges $000	Accumulated depreciation eliminated on disposals / revaluations $000	Current year Transfers $000	Revaluation movement $000	Cost/ revaluation 30 June 2022 $000	Accumulated depreciation and impairment charges 30 June 2022 $000	Carrying amount 30 June 2022 $000
Land	4,549	-	4,549	-	-	-	-	-	-	4,549	-	4,549
Buildings	1,931		1,931	-	-	(69)	-	-	-	1,931	(69)	1,862
Plant and equipment	245	(175)	70	4	-	(19)	-	-	-	250	(194)	55
Infrastructural assets	4,962	(193)	4,769	-	-	(194)	-	-	-	4,962	(387)	4,574
Capital Work in Progress	-	-	-	-	-	-	-	-	-	-	-	-
Total	**11,688**	**(369)**	**11,319**	**4**	**-**	**(282)**	**-**	**-**	**-**	**11,691**	**(651)**	**11,040**

	Cost/ valuation 1 July 2020 $000	Accumulated depreciation and impairment charges 1 July 2020 $000	Carrying amount 1 July 2020 $000	Current year additions $000	Current year disposals $000	Current year depreciation and impairment charges $000	Accumulated depreciation eliminated on disposals / revaluations $000	Current year Transfers $000	Revaluation movement $000	Cost/ revaluation 30 June 2021 $000	Accumulated depreciation and impairment charges 30 June 2021 $000	Carrying amount 30 June 2021 $000
Land	3,462	-	3,462	-	-	-	-	-	1,087	4,549	-	4,549
Buildings	1,712	(119)	1,593	33	-	(62)	181	-	186	1,931		1,931
Plant and equipment	210	(162)	48	35	-	(13)	-	-	-	245	(175)	70
Infrastructural assets	4,953	-	4,953	9	-	(193)	-	-	-	4,962	(193)	4,769
Capital Work in Progress	-	-	-	-	-	-	-	-	-	-	-	-
Total	**10,338**	**(281)**	**10,056**	**77**	**-**	**(268)**	**181**	**-**	**1,273**	**11,687**	**(369)**	**11,318**

Notes to the Financial Statements

For the year ended 30 June 2022

8. Property, plant and equipment (continued)

Valuation

Operational land and buildings
At fair value as determined from market-based evidence by an independent valuer. The most recent valuation was performed by Ken Pawson (Registered Valuer, ANZIV, SPINZ) of Morgans Property Advisors, Whanganui, and the valuation is effective as at 30 June 2018.

Infrastructural assets
These are valued at fair value determined on a depreciated replacement cost basis. The most recent valuation, as at 30 June 2020, was performed by Council staff , with Fraser Clarke Masters of Business Studies, BApplEcon, Affiliate Member PINZ and John Vessey of Opus consultants (BE (Civil), BA (Econ), CPEng, FIPENZ, Affiliate Member PINZ, Member of ACENZ) peer reviewing the methodology.

At Balance date WAJV assesses the carrying values of its infrastructural assets to ensure that they do not materially differ from the assets fair values. If there is a material difference then the off-cycle asset classes are revalued.

Total fair value of property, plant and equipment valued by each valuer	**2022 $000**	**2021 $000**
Opus International Consultants Ltd	3,998	3,998
Morgans Property Advisors	5,067	5,067

Impairment
No impairment losses have been booked for the year ended 30 June 2020 (2019 $nil).

Work in progress
The total amount of property, plant and equipment in the course of construction is $Nil (2019 $48,050).

Leasing
The net carrying amount of plant and equipment held under finance leases is $nil (2019 $nil).

9. Creditors and other payables

	2022 $000	**2021 $000**
Trade payables	164	168
Deposits and bonds	-	-
Accrued expenses	()	6
WDC current account payable	766	417
Total creditors and other payables	**930**	**592**

Notes to the Financial Statements

For the year ended 30 June 2022

10. Employee entitlements	**2022 $000**	**2021 $000**
Current portion		
Accrued pay	9	6
Annual leave	22	18
Total current portion	**30**	**24**
Non-current portion		
Retirement and long service leave	1	1
Total non-current portion	1	1
Total employee entitlements	**31**	**25**

11. Equity	**2022 $000**	**2021 $000**
Accumulated funds		
Balance at 1 July		
Attributable to:		
Whanganui District Council	3,151	3,312
NZ Government	3,151	3,313
Surplus/(deficit) for the year	(413)	(454)
NZ Government capital contribution	-	66
WDC capital contribution	-	66
Balance at 30 June	**5,889**	**6,302**
Attributable to:		
Whanganui District Council	2,945	3,151
NZ Government	2,945	3,151
	5,890	6,303
Asset revaluation reserves		
Balance at 1 July	4,463	3,009
Revaluation gains/(losses)	103	1,556
Deferred tax on revaluation	(103)	(103)
Balance at 30 June	**4,463**	**4,463**
Asset revaluation reserves consist of:		
Operational assets:		
- land	3,140	3,140
- buildings	513	513
- drainage control	809	809
Total net of tax	4,463	4,463

Notes to the Financial Statements

For the year ended 30 June 2022

12. Capital commitments and operating leases

	2022 $000	2021 $000
Capital commitments		
Property, plant and equipment	-	-
Total capital commitments	**-**	**-**

Operating leases as lessor

WAJV leases its property under operating leases. The leases have terms ranging from 25 to 500 months. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	2022 $000	2021 $000
Not later than one year	107	111
Later than one year and not later than five years	361	388
Later than five years	716	800
Total non-cancellable operating leases	**1,184**	**1,299**

No contingent rents have been recognised in the statement of comprehensive income during the period.

13. Contingencies

	2022 $000	2021 $000
Litigation	-	-

Notes to the Financial Statements

For the year ended 30 June 2022

14. Related party transactions

WAJV is part of the Whanganui District Council group and has transactions with most members of the group. Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client / recipient relationship on terms and conditions no more or less favourable than those it is reasonable to expect WAJV would have adopted in dealing with the party at arm's length in the same circumstances.

Transactions with the Crown

There are transactions with government departments, Crown entities, state-owned enterprises and other entities controlled or subject to significant influence by the Crown. These transactions are not separately disclosed as they are conducted on an arm's length basis, they result from the normal dealings of the parties, and they meet the definition of related party transactions only because of the relationship between the parties being subject to common control or significant influence by the Crown.

Related party transactions required to be disclosed

WAJV purchased management services provided by Whanganui District Council totalling $50,000 (2021 $Nil). These services were purchased without going through a tender process. In addition WDC contributed $Nil (2021 $65,542), and the Crown $Nil (2021 $65,542), as an equity contribution to WAJV.

Transactions with key management personnel

During the year key management, as part of a normal customer relationship, were involved in minor transactions with the WAJV (such as payment of landing fees, catering, parking tickets etc).

No provision has been required, nor any expense recognised for impairment of receivables for any loans or other receivables to related parties (2021 $nil).

Key management personnel compensation	2022 $000	2021 $000
Salaries and other short term employee benefits	63	63
Total key management personnel compensation	**63**	**63**
Full time equivalent staff.	1	1

Notes to the Financial Statements

For the year ended 30 June 2022

15. Severance payments

No severance payments were made during the year (2021 $nil).

16. Events after the balance date

There were no significant events after the balance date.

17. Financial instrument categories

The accounting policies for financial instruments have been applied to the line items below:

	2022 $000	2021 $000
Financial assets		
Loans and receivables		
Cash and cash equivalents	113	50
Debtors and other receivables	98	110
Other financial assets:		
- term deposits	-	-
- loans to related parties	-	-
Financial liabilities		
Financial liabilities at amortised cost		
Creditors and other payables	930	592

18. Legislative Compliance

The WAJV did not meet the requirements of section 67(1) of the Local Government Act 2002 to complete the annual report of the Airport within 5 months of the end of the financial year.

19. Covid-19

On 11 March 2020, the World health Organisation declared the outbreak of COVID-19 (a novel Coronavirus) a pandemic. Two weeks later, on 26 March 2020, Prime Minister Jacinda Ardern increased New Zealands COVID-19 alert level to alert level 4 and a nation wide lockdown commenced. As part of this lockdown all services other than those deemed essential services closed.

The WAJV ceased to supply services after the last flight on Wednesday 25/03/2020 and only resumed services when the country went to allert level 2 on Monday 18 May 2020. These services were limited, with the new normal services not fully resuming until the country entered alert level 1 on Monday 08 May 2020.

In current financial year NZ went into nationwide lockdown and Auckland in a form of lockdown untill Dec 2021.

During most of this time there has been no Air Chathams flights.

The Airport café has not reopened under the control of the WAJV.

Statement of objectives and performance

For the year ended 30 June 2022

The primary objectives of the airport operation are to:

- Provide high quality facilities and service commensurate with existing levels of aviation activity and in accordance with all the appropriate Acts, Regulations and Rules pertaining to airport and aviation operations in line with the size of Whanganui Airport.
- Operate the airport in a sound and business-like manner.
- Improve the long term value and financial performance of the airport while improving the economic value of the airport to Whanganui.

The objectives of the Whanganui Airport Joint Venture for this financial year and the following two financial years are clearly specified in the statement of intent which was approved by the joint partners.

These objectives are listed below with the relevant targets and measure(s) of performance, and the performance achieved during the financial year.

Objective
Operate the airport in a sound and business-like manner.

Performance measure
Reduction of the current loss position to 'break even' or to a level acceptable to Council in light of the CCO's economic value to Whanganui.

Achievement

	2018	2019	2020	2021	2022
Net Profit/(Loss)	313,000	-347,000	-202,000	-454,000	-413,000

The 2020 figure includes a $197,000 gain on revaluation.

The airport was operated in a business-like manner. Cost control was a focus again this year, although costs did increase on the previous year. This was mainly due to an increase in consultancy costs, as there was a need for an air space risk assessment due to the increased activity by NZICPA. Revenue was lower than expected due to the airport having little to no activity during the level four (4) and level three (3) lockdowns enforced by the covid-19 outbreak.

The result is acceptable to the Joint Venture Partners.

Objective
Provide high quality facilities and service commensurate with existing levels of aviation activity and in accordance with all the appropriate Acts, Regulations and Rules pertaining to airport and aviation operations of the size of Whanganui Airport.

Performance measure
Compliance with all aspects of Part 139 of Civil Aviation Rules with a minimum of one requirement per inspection.

Achievement
Full compliance with Civil Aviation Rules Part 139 was achieved. The CAA audit in September 2019 had no findings.

Objective
Improve the long term value and financial performance of the airport along with improving the economic value of the airport to Whanganui.

Performance measure
Delivery of an activity plan and subsequent achievement of the individual targets outlined within that plan.

Achievement
The Joint Partners continue to investigate ways of improving revenue streams as well as controlling costs. The airport manager and CE meet on a two weekly basis. Positive development continues with the direction being taken by the airport aimed at increasing user satisfaction. Work was undertaken during the year on the viability of the café, with discussions being had with possible external parties to lease the space. Post covid level four (4) and level three (3) lock downs the café never reopened under the airports control and a new leasee took over the space 01 October 2020.

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF THE WHANGANUI AIRPORT JOINT VENTURE'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2022

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

Opinion

We have audited the financial statements of the Company on pages 3 to 19, that comprise the statement of financial position as at 30 June 2022, the statement of comprehensive revenue and expense, statement of changes in net assets/equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and the performance information of the Joint Venture on pages 20 to 21.

In our opinion the financial statements of the Company on pages 3 to 19:

- present fairly, in all material respects:
  - its financial position as at 30 June 2022; and
  - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with the Tier 3 Public Benefit Entity Simple Format Reporting – Accrual (PBE-SPF-A).

Our audit was completed on 26 March 2024. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the performance information, we comment on other information and we explain our independence.

Emphasis of matters

Without modifying our opinion, we draw your attention to the following matters:

Impact of Covid-19

Note 19 to the financial statements and page 20 of the performance information outline the impact of Covid-19 on the Airport.

Breach of statutory reporting deadline

Note 18 to the financial statements outlines that the Airport did not meet the requirement of section 67A of the Local Government Act 2002, which requires the Airport's annual report to be completed before the close of 30 November 2022.

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Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board of Directors is responsible on behalf of the company for assessing the company's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Local Government Act 2002.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- We evaluate the appropriateness of the reported performance information within the company's framework for reporting its performance.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Independence

We are independent of the company in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the Company.

Cameron Town

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