

**INVERCARGILL AIRPORT  
LIMITED**

**ANNUAL REPORT  
FOR THE YEAR ENDED  
30 JUNE 2002**

# ***Invercargill Airport Limited***

## ***Consolidated Annual Report For the Year Ended 30 June 2002***

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# ***Invercargill Airport Limited***

## ***Company Directory***

### ***DIRECTORS***

Mr ND McRae (Chairman)

Mr IF Capitaneas

Mr DFE Harrington

MR GJ Kirk

### ***AUDITOR***

Audit New Zealand  
DUNEDIN

### ***MANAGEMENT***

Mr JA Walsh (General Manager and  
Company Secretary)

Mr EL Forsyth (Operations Manager)

### ***BANKERS***

Bank of New Zealand  
INVERCARGILL

### ***REGISTERED OFFICE***

C/o Invercargill City Council  
101 Esk Street  
INVERCARGILL

### ***SOLICITORS***

Preston Russell Law  
92 Spey Street  
INVERCARGILL

### ***POSTAL ADDRESS***

Private Bag 90104  
INVERCARGILL

Phone (03) 214 0769

Fax (03) 214 0768

# ***Invercargill Airport Limited***

## ***Chairman's Report For the Year Ended 30 June 2002***

### ***Financial Results***

The before tax operating profit for the financial year ended 30 June 2002 was \$114,394. This compares with an operating profit of \$83,042 for the previous financial year, which itself was adversely affected by the demise of Qantas New Zealand on 21 April 2001.

During the year, Air New Zealand progressively increased the number of its scheduled services and at year end, had a total of 90 weekly schedule movements between Invercargill and Christchurch. This increased capacity has now reinstated the capacity that was lost when Qantas NZ went into receivership.

The loss of revenue due to the Qantas NZ receivership in the previous financial year resulted in the Board taking a cautious attitude in regard to capital expenditure. Consequently, only essential capital expenditure was incurred during the financial year just ended. Also, the Board has continued to focus on a programme of debt repayment in order to reduce its risk from any future external financial shock.

### ***This Year's Highlights***

#### **Steady Growth**

Despite the fallout from the Qantas NZ demise and the tragedy of 11 September 2001, the activities at the airport have grown steadily in recent months.

During the year, three helicopter companies commenced operations from new bases at the airfield and Southern Wings Aviation College has also started a helicopter training course. This increased demand for hangar space has resulted in all available rentable buildings around the airfield being fully leased. In association with this demand, expenditure was incurred on maintaining and

upgrading the leased areas. Any further demand for leased buildings will have to be satisfied by new development.

#### **Passenger Numbers**

Inbound and outbound passenger numbers for the 12-month period ending 30 June 2002 totalled 185,285, which is 1.4% higher than the previous financial year ending June 2001. With the increased number of scheduled services from Air New Zealand, their new fare structure commencing 1 November 2002 and the commencement of services by Origin Pacific from 30 September 2002, we are anticipating further increased growth in passenger numbers during the current financial year.

#### **Invercargill City Council District Plan**

The Council's decisions on its District Plan Hearings were released during the year and the Invercargill Airport Limited has made references to the Environment Court in regard to some of these decisions. We are hopeful that the outstanding issues can be resolved by negotiation between the Invercargill Airport Limited and the Invercargill City Council.

#### **Runway Extension Initiatives**

Venture Southland is promoting the introduction of trans-Tasman flights into Invercargill, which includes seeking funding for a runway extension to enable airlines to operate trans-Tasman services at full payload. Venture Southland are currently preparing a feasibility study to quantify the benefits to the province of trans-Tasman flights.

This initiative has strong local support and is being supported by Invercargill Airport Limited. Inbound tourism numbers to the province continue to grow and Invercargill's proximity to Stewart Island, Fiordland, the Catlins and Queenstown make it a desirable entry/exit port for overseas tourists.

# *Invercargill Airport Limited*

## *Chairman's Report For the Year Ended 30 June 2002*

make it a desirable entry/exit port for overseas tourists.

### ***Outlook***

With the increased number of flights operated by Air New Zealand, together with the forthcoming commencement of flights from Origin Pacific and the new low-cost fare structures we are anticipating increased passenger numbers and activity at the airport. To meet this demand, the Board has already commissioned an extension to the public car park and is also evaluating modifications to the baggage reclaim area to make it more user friendly. However, the Board is conscious of the volatility within the airline industry and will, therefore, continue with its programme of debt repayment.

### ***Conclusion***

The company has ended a year of consolidation in conjunction with steady growth and is looking forward to meeting the challenges resulting from the anticipated growth in passenger numbers and demands on its infrastructure.

I would like to express my appreciation to the management team, together with my fellow directors, for their contribution and support during the past year.



**For and on behalf of the Directors**  
**N D McRae**

# ***Invercargill Airport Limited***

## ***Statutory Information***

### ***DIRECTORS REMUNERATION***

Mr ND McRae (Chairman)	\$ 11,250
Mr IF Capitaneas	\$ 6,250
Mr DFE Harrington	\$ 6,250
MR GJ Kirk	\$ 6,250

### ***RECOMMENDED DIVIDEND***

In view of the current under funding of the deferred maintenance reserve fund the Directors are not recommending the payment of a dividend.

### ***DIRECTORS' AND OFFICERS' LIABILITY INSURANCE***

The Company has effected Directors' and Officers' Liability Insurance for the period.

### ***DONATIONS***

The Company has made no donations during the period.

### ***AUDITORS' REMUNERATION***

Auditors fees of \$5,900 were payable during the year. There were no other fees payable for other services provided by the Auditor.

### ***USE OF COMPANY INFORMATION BY DIRECTORS***

During the period the Board received no notice from Directors of the company requesting to use Company information received in their capacity as Directors which would not otherwise be available to them.

### ***INTERESTS IN TRANSACTIONS***

During the period, no Directors had an interest in any transaction or proposed transaction with the company.

### ***EMPLOYEE REMUNERATION***

No staff members received remuneration and other benefits exceeding \$100,000 during the period.

# ***Invercargill Airport Limited***

## ***Statutory Information***

### ***REMUNERATION AND OTHER BENEFITS TO DIRECTORS***

There was no remuneration or other benefits paid to Directors during the year for any of the following:

- Services as a Director or in any other capacity
- Compensation for loss of office
- Loans by the Company to a Director
- Guarantees given by the company for debts incurred by a Director
- Entering into a contract to do any of the above

### ***SHAREHOLDINGS BY DIRECTORS***

No Directors has an interest in Company shares held, acquired or disposed of during the period.

### ***CHANGES IN ACCOUNTING POLICIES***

The method of valuing runway and taxiway assets was changed on 01 July 2001 from Historical Cost to Optimised Depreciated Replacement Cost method. The effect of this change as at 01 July 2001 is an increase in the carrying value of these assets by \$3,453,103 (30 June 2001 \$2,005,315 to 01 July 2001 \$5,458,418). This valuation increment is reflected in the creation of an asset revaluation reserve of \$3,453,103 (30 June 2001 Nil) which forms part of Equity. The impact on the Statement of Financial Performance is not material as the increase in depreciation of \$110,021 is offset by a \$113,000 reduction of the provision for deferred maintenance.

During the year the method of accounting for deferred tax has been changed from the comprehensive to the partial basis as the company is a going concern and the cumulative timing differences and their related income tax liabilities will not crystallise for a considerable period. This has resulted in the reversal of the deferred tax provision of \$157,122.

# ***Invercargill Airport Limited***

## ***Statement of Consolidated Accounting Policies For the Year Ended 30 June 2002***

### ***REPORTING ENTITY***

Invercargill Airport Limited is a company registered under the Companies Act 1993. The Company is a Local Authority Trading Enterprise as defined in Section 594B of the Local Government Act 1974.

The Invercargill Airport Limited Group consists of Invercargill Airport Limited and its wholly owned subsidiary, Southern Tourism Limited.

Southern Tourism Limited is a Company registered under the Companies Act 1993.

The Financial Statements of Invercargill Airport Limited and group financial statements have been prepared in accordance with the requirements of the Companies Act 1993, the Financial Reporting Act 1993 and the Airport Authorities Act 1966.

Invercargill Airport Limited's shareholding is in the following proportions:

New Zealand Government	45%
Invercargill City Council	55%

### **Measurement Base**

The financial statements have been prepared on an historical cost basis.

### ***PARTICULAR ACCOUNTING POLICIES***

The following particular accounting policies which materially affect the measurement of results and financial position have been applied:

#### ***Basis of Consolidation - Purchase Method***

The consolidated financial statements include Invercargill Airport Limited and its subsidiary. The subsidiary is accounted for using the purchase method which involves adding corresponding assets, liabilities, revenues and expenses on a line by line basis.



# ***Invercargill Airport Limited***

## ***Statement of Accounting Policies For the Year Ended 30 June 2002***

### ***Fixed Assets***

- Land and Fencing
- Vehicles and Plant
- Runway and Taxiway
- Furniture and Fittings
- Terminal and Buildings

All fixed assets are valued at cost, less accumulated depreciation where applicable, except for Runway and Taxiway assets which are valued using the Optimised Depreciated Replacement Valuation method (effective 01 July 2001). The registered independent valuer was Opus International Ltd.

### ***Depreciation***

Fences	6.65% SL
Runway, Apron and Taxiway	
Top surface	8.3% SL
Basecourse and sub-base	1% SL
Sub soil drainage	1.25% SL
Roads, Carparks and Stopbanks	3% SL
Terminal Building	3% SL
Other Buildings	3% SL
Crash Fire Vehicle, Other Vehicles, Tractors and Mowing Equipment	10% - 12% DV
Plant - General	7.50% - 50% DV
Furniture and Fittings	9.50% - 33% DV

### ***Accounts Receivable***

Accounts receivable are stated at expected realisable value after providing for doubtful and uncollectable debts.

### ***Goods and Services Tax***

The Financial Statements have been prepared exclusive of Goods and Services Tax (GST) with the exception of receivables and payables which are stated with GST included. Where GST is irrecoverable as an input tax then it is recognised as part of the related asset or expense.

### ***Taxation***

The taxation charge against profits for the period is the estimated liability in respect of that profit after allowance for permanent differences and timing differences not expected to reverse in future periods.

The liability method of accounting for deferred tax is followed. The partial basis is used. Future taxation benefits attributable to taxation losses or timing differences are only recognised when there is virtual certainty of realisation.

# ***Invercargill Airport Limited***

## ***Statement of Accounting Policies For the Year Ended 30 June 2002***

### ***Stock on Hand***

Stocks are valued on the basis of the lower of cost, determined on a "first in, first out" basis, and nett realisable value. This valuation includes allowances for slow moving and obsolete stocks.

### ***Provision for Deferred Maintenance***

In accordance with Financial Reporting Standard No.3 Accounting for Property, Plant and Equipment, provision for deferred maintenance of the runway and taxiway assets was ceased on 01 July 2001 as this practice no longer complies with the standard.

### ***Financial Instruments***

The company is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, short-term deposits, debtors, creditors and loans. All financial instruments are recognised in the statement of financial position and all revenues and expenses in relation to financial instruments are recognised in the statement of financial performance.

### ***Investments***

Investments, including those in subsidiaries, are stated at the lower of cost and net realisable value. Any decreases are recognised in the Statement of Financial Performance.

### ***Statement of Cash Flows***

"Cash" means cash balances on hand, 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.

"Operating Activities" include cash received from all income sources of the Company and records the cash payments 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" comprise the change in equity and debt capital structure of the Company.

### ***CHANGES IN ACCOUNTING POLICIES***

The method of valuing runway and taxiway assets was changed on 01 July 2001 from Historical Cost to Optimised Depreciated Replacement Cost method. The effect of this change as at 01 July 2001 is an increase in the carrying value of these assets by \$3,453,103 (30 June 2001 \$2,005,315 to 01 July 2001 \$5,458,418). This valuation increment is reflected in the creation of an asset revaluation reserve of \$3,453,103 (30 June 2001 Nil) which forms part of Equity. The impact on the Statement of Financial Performance is not material as the increase in depreciation of \$110,021 is offset by a \$113,000 reduction of the provision for deferred maintenance.

During the year the method of accounting for deferred tax has been changed from the comprehensive to the partial basis as the company is a going concern and the cumulative timing differences and their related income tax liabilities will not crystallise for a considerable period. This has resulted in the reversal of the deferred tax provision of \$157,122.

## *Invercargill Airport Limited*

### *Statement of Financial Performance For the Year Ended 30 June 2002*

<i>Income</i>	<i>Note</i>	<i>Con 2002</i>	<i>Parent 2002</i>	<i>Con 2001</i>	<i>Parent 2001</i>
Operating Revenue		1,102,759	1,102,759	1,096,700	1,096,700
Interest Revenue		3,970	3,904	6,605	6,588
		<hr/>	<hr/>	<hr/>	<hr/>
		1,106,729	1,106,663	1,103,305	1,103,288
Less Operating Expenses	1	992,379	992,269	1,020,393	1,020,246
		<hr/>	<hr/>	<hr/>	<hr/>
Operating Surplus/(Deficit) before Taxation		114,350	114,394	82,912	83,042
less Provision for Taxation	2	0	0	27,360	27,360
less Taxation as a result of change in policy	2,8	(157,122)	(157,122)	0	0
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Net Surplus/(Deficit) after Taxation</b>		<b>271,472</b>	<b>271,516</b>	<b>55,552</b>	<b>55,682</b>
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

*The accompanying accounting policies and notes form part of these financial statements*

## ***Invercargill Airport Limited***

### ***Statement of Movements in Equity For the Year Ended 30 June 2002***

	<i>Note</i>	<i>Con 2002</i>	<i>Parent 2002</i>	<i>Con 2001</i>	<i>Parent 2001</i>
Total Equity at the Beginning of the Period		3,643,472	3,640,158	3,587,920	3,584,476
Net Surplus/(Deficit) after Taxation		271,472	271,516	55,552	55,682
Revaluation Reserve		3,453,103	3,453,103	0	0
		<hr/>	<hr/>	<hr/>	<hr/>
Total Recognised Revenues and Expenses		3,724,575	3,724,619	55,552	55,682
		<hr/>	<hr/>	0	0
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Total Equity at the End of the Period</b>		<b>7,368,047</b>	<b>7,364,777</b>	<b>3,643,472</b>	<b>3,640,158</b>
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

*The accompanying accounting policies and notes form part of these financial statements*

## ***Invercargill Airport Limited***

### *Statement of Financial Position For the Year Ended 30 June 2002*

	<i>Note</i>	<i>Con 2002</i>	<i>Parent 2002</i>	<i>Con 2001</i>	<i>Parent 2001</i>
<i><b>Shareholder's Equity</b></i>					
Ordinary Share Capital	3	3,324,560	3,324,560	3,324,560	3,324,560
Retained Earnings		590,384	587,114	318,912	315,598
Revaluation Reserve		3,453,103	3,453,103	0	0
		<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL RESERVES</b>		<b>7,368,047</b>	<b>7,364,777</b>	<b>3,643,472</b>	<b>3,640,158</b>
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i><b>Represented by:</b></i>					
<i><b>Current Assets</b></i>					
Bank -Current Account		64,527	64,468	17,596	17,435
Short-term Investments		33,315	30,000	165,250	162,000
Stock on Hand		20,669	20,669	14,998	14,998
Sundry Debtors	4	103,085	103,085	96,561	96,561
		<hr/>	<hr/>	<hr/>	<hr/>
		221,596	218,222	294,405	290,994
<i><b>Non-Current Assets</b></i>					
Fixed Assets	5	7,548,815	7,548,815	4,336,629	4,336,629
Investments		0	100	0	100
		<hr/>	<hr/>	<hr/>	<hr/>
		7,548,815	7,548,915	4,336,629	4,336,729
		<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL ASSETS</b>		<b>7,770,411</b>	<b>7,767,137</b>	<b>4,631,034</b>	<b>4,627,723</b>

*The accompanying accounting policies and notes form part of these financial statements*

## *Invercargill Airport Limited*

### *Statement of Financial Position For the Year Ended 30 June 2002*

	<i>Note</i>	<i>Con 2002</i>	<i>Parent 2002</i>	<i>Con 2001</i>	<i>Parent 2001</i>
<b><i>Current Liabilities</i></b>					
Sundry Creditors	6	108,890	108,890	104,255	104,255
GST		11,564	11,560	4,275	4,278
Current Portion of Term Debt	7	280,000	280,000	520,000	520,000
Retentions		1,910	1,910	1,910	1,910
		402,364	402,360	630,440	630,443
<b><i>Non-Current Liabilities</i></b>					
Deferred Taxation	8	0	0	157,122	157,122
Term Loan	7	0	0	200,000	200,000
		0	0	357,122	357,122
<b>TOTAL LIABILITIES</b>		402,364	402,360	987,562	987,565
<b>NET ASSETS</b>		<b>7,368,047</b>	<b>7,364,777</b>	<b>3,643,472</b>	<b>3,640,158</b>




ND McRae  
**CHAIRMAN**

IF Capitaneas  
**DIRECTOR**

**Date: 23 September 2002**

*The accompanying accounting policies and notes form part of these financial statements*

## ***Invercargill Airport Limited***

### *Statement of Cash Flows For the Year Ended 30 June 2002*

	<i>Note</i>	<i>Con 2002</i>	<i>Parent 2002</i>	<i>Con 2001</i>	<i>Parent 2001</i>
<b><i>Cash Flows from Operating Activities</i></b>					
<b><i>Cash was Provided From:</i></b>					
Receipts from Customers		1,085,803	1,085,803	1,115,242	1,115,242
Interest Revenue		3,970	3,904	6,368	6,351
GST (Nett)		7,289	7,282	0	0
		<hr/>	<hr/>	<hr/>	<hr/>
		1,097,062	1,096,989	1,121,610	1,121,593
<b><i>Cash was Disbursed to:</i></b>					
Payments to Suppliers		657,036	656,926	686,244	685,197
Interest Expenditure		34,887	34,887	51,087	51,087
GST (Nett)		0	0	2,677	2,807
		<hr/>	<hr/>	<hr/>	<hr/>
		691,923	691,813	740,008	739,091
		<hr/>	<hr/>	<hr/>	<hr/>
Net Cash Flow from Operating Activities		405,139	405,176	381,602	382,502
 <b><i>Cash Flow from Investing Activities</i></b>					
<b><i>Cash was Provided From:</i></b>					
Proceeds from Asset Sales		14,981	14,981	7,434	7,434
		<hr/>	<hr/>	<hr/>	<hr/>
		14,981	14,981	7,434	7,434
<b><i>Cash was Disbursed to:</i></b>					
Purchase of Fixed Assets		65,124	65,124	486,517	486,517
		<hr/>	<hr/>	<hr/>	<hr/>
Nett Cash Flow from Investing Activities		(50,143)	(50,143)	(479,083)	(479,083)

*The accompanying accounting policies and notes form part of these financial statements*

## *Invercargill Airport Limited*

### *Statement of Cash Flows For the Year Ended 30 June 2002*

<i>Note</i>	<i>Con 2002</i>	<i>Parent 2002</i>	<i>Con 2001</i>	<i>Parent 2001</i>
<b><i>Cash Flows from Financing Activities</i></b>				
<b><i>Cash was Provided from:</i></b>				
Term Borrowing	0	0	380,000	380,000
	<hr/>	<hr/>	<hr/>	<hr/>
	0	0	380,000	380,000
<b><i>Cash was Disbursed to:</i></b>				
Repayment of Term Borrowing	440,000	440,000	240,000	240,000
	<hr/>	<hr/>	<hr/>	<hr/>
	440,000	440,000	240,000	240,000
Net Cash Flow from Financial Activities	(440,000)	(440,000)	140,000	140,000
Net Increase/ (Decrease) in Cash Held	(85,004)	(84,967)	42,519	43,419
Plus Opening Cash Held	182,846	179,435	140,327	136,016
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Ending Cash Carried Forward</b>	<b>97,842</b>	<b>94,468</b>	<b>182,846</b>	<b>179,435</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Ending Cash Carried Forward</b>				
Cash on Hand	0	0	0	0
Bank Account	64,527	64,468	17,596	17,435
Short-term Investments	33,315	30,000	165,250	162,000
	<hr/>	<hr/>	<hr/>	<hr/>
	<b>97,842</b>	<b>94,468</b>	<b>182,846</b>	<b>179,435</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

*The accompanying accounting policies and notes form part of these financial statements*



## ***Invercargill Airport Limited***

### *Notes to the Consolidated Financial Statements For the Year Ended 30 June 2002*

#### **NET OPERATING SURPLUS**

	<i>Con</i>	<i>Parent</i>	<i>Con</i>	<i>Parent</i>
	<i>2002</i>	<i>2002</i>	<i>2001</i>	<i>2001</i>
<i>After Charging</i>				
Provision for Deferred Maintenance	0	0	113,000	113,000
Less Deferred Maintenance Released	0	0	0	0
Operating Expenses	621,686	621,576	587,054	587,054
Bad Debts	0	0	45,401	45,401
Interest	34,887	34,887	51,087	51,087
Directors Fees	30,000	30,000	30,007	30,007
Depreciation	299,906	299,906	188,269	188,269
Audit Fees	5,900	5,900	5,575	5,500

#### **TAXATION CHARGES**

The following details the calculation of the taxation charge for the period including the effects of permanent and timing differences:

	<i>Con</i>	<i>Parent</i>	<i>Con</i>	<i>Parent</i>
	<i>2002</i>	<i>2002</i>	<i>2001</i>	<i>2001</i>
Net Surplus/(Deficit) before Taxation	114,350	114,394	82,912	83,042
Taxation for period at 33%	37,735	37,750	27,360	27,403
Plus/(Less) Permanent Differences	65,932	65,932	0	0
Tax losses not recognised	(67,743)	(67,743)		
Group Loss Offset	0	(15)	0	(43)
Timing differences not recognised	(193,046)	(193,046)		
	<hr/>	<hr/>	<hr/>	<hr/>
Taxation Charge	(157,122)	(157,122)	27,360	27,360
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Income Tax Charge is Represented by:</b>				
Tax Payable in respect of Current Year	0	0	0	0
Deferred Tax	(157,122)	(157,122)	27,360	27,360
	<hr/>	<hr/>	<hr/>	<hr/>
Taxation Charge	(157,122)	(157,122)	27,360	27,360
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Taxable losses of \$419,797 which have a tax benefit of \$138,533 have not been recognised in these financial statements by reducing the deferred tax liability. Subsequent realisation of the benefit is subject to the requirements of the income tax legislation being met. Last year tax losses of \$629,681, with a tax benefit of \$207,795 were recognised within deferred tax.

The company has an unrecorded deferred tax liability of \$722,697 (see note 8).

Tax losses of \$44, which have a tax effect of \$15 (last year \$130, tax effect \$43) have been transferred to Invercargill Airport Limited from Southern Tourism Limited.

## ***Invercargill Airport Limited***

### *Notes to the Consolidated Financial Statements For the Year Ended 30 June 2002*

<b><i>SHARE CAPITAL</i></b>	<b><i>Parent/ Con 2002</i></b>	<b><i>Parent/ Con 2001</i></b>
Authorised Capital 3,324,560 Ordinary Shares of \$1 each	3,324,560	3,324,560
Issued and Paid up Capital 3,324,560 Ordinary Shares of \$1 each	3,324,560	3,324,560
Opening Balance	3,324,560	3,324,560
Issued and Paid Up During the Year	0	0
Closing Balance	3,324,560	3,324,560
<b><i>SUNDRY DEBTORS</i></b>	<b><i>Parent/ Con 2002</i></b>	<b><i>Parent/ Con 2001</i></b>
Trade Debtors	103,085	96,561
	103,085	96,561

## ***Invercargill Airport Limited***

### *Notes to the Consolidated Financial Statements For the Year Ended 30 June 2002*

#### ***NON-CURRENT ASSET***

The following is a summary of Fixed Assets and the movements during the year.

	<i>Cost / Valuation</i>	<i>Accum Deprec.</i>	<i>Con/Parent Book Value 30/06/2002</i>	<i>Con/Parent Book Value 30/06/2001</i>
Land and Fencing	628,310	62,656	565,654	556,953
Runway and Taxiway	5,458,418	199,793	5,258,625	2,005,315
Terminal and Buildings	1,778,441	313,216	1,465,225	1,519,333
Vehicles and Plant	402,403	191,192	211,211	198,845
Furniture and Fittings	125,186	77,086	48,100	56,183
	8,392,758	843,943	7,548,815	4,336,629

The Directors consider that the latest rating valuation supplied by Beca Valuations as at 1 October 1999 of Land and Buildings of \$3,245,000 is an indication of fair value.

#### ***SUNDRY CREDITORS***

	<i>Con 2002</i>	<i>Parent 2002</i>	<i>Con 2001</i>	<i>Parent 2001</i>
Trade Creditors	95,037	95,037	89,004	89,004
Employee Entitlements	13,853	13,853	15,251	15,251
	108,890	108,890	104,255	104,255

#### ***TERM LOAN***

	<i>Parent/ Con 2002</i>	<i>Parent/ Con 2001</i>
Within One Year	280,000	520,000
One to Two Years	0	200,000

Loans are secured by debenture over the assets of the Company. The average interest rate payable at 30 June 2002 was 7.36% (2001 7.25%).

## ***Invercargill Airport Limited***

### *Notes to the Consolidated Financial Statements For the Year Ended 30 June 2002*

#### ***DEFERRED TAX***

	<b><i>Con 2002</i></b>	<b><i>Parent 2002</i></b>	<b><i>Con 2001</i></b>	<b><i>Parent 2001</i></b>
Opening Balance	157,122	157,122	129,762	129,762
Increase/(Decrease) during the year	(157,122)	(157,122)	27,360	27,360
Closing Balance	0	0	157,122	157,122
	0	0	157,122	157,122

During the year the method of accounting for deferred tax has been changed from the comprehensive to the partial basis as the company is a going concern and the cumulative timing differences and their related income tax liabilities will not crystallise for a considerable period. This has resulted in the reversal of the deferred tax provision.

#### ***IMPUTATION CREDIT ACCOUNT***

	<b><i>Con 2002</i></b>	<b><i>Parent 2002</i></b>	<b><i>Con 2001</i></b>	<b><i>Parent 2001</i></b>
Opening Balance	0	0	0	0
Taxation Payments Made	0	0	0	0
	0	0	0	0
Less Taxation Refunds	0	0	0	0
Closing Balance	0	0	0	0
	0	0	0	0

#### ***RELATED PARTY TRANSACTIONS***

Invercargill Airport Limited has significant dealing with the Invercargill City Council, which has a major involvement in the ongoing operation of the Airport.

Details of transactions during the year are as follows:

	<b><i>2002</i></b>	<b><i>2001</i></b>
Operating Revenue	494	4,704
Operating Expenditure	163,138	169,507
Assets purchased from Invercargill City Council	18,000	350,000
Balance outstanding to the Invercargill City Council at 30 June	13,780	0
Balance outstanding from the Invercargill City Council at 30 June	71	3,839

No debt has been forgiven

No Directors or Senior Executives have entered into related party transactions

## ***Invercargill Airport Limited***

### *Notes to the Consolidated Financial Statements For the Year Ended 30 June 2002*

#### **RECONCILIATION OF NET CASH FLOW FORM OPERATING ACTIVITIES WITH REPORTED OPERATING SURPLUS**

	<i>Con 2002</i>	<i>Parent 2002</i>	<i>Con 2001</i>	<i>Parent 2001</i>
Reported Surplus/(Deficit)	114,350	114,394	55,552	55,682
<b>Add Back/(Subtract) Non Cash Items</b>				
Depreciation	299,906	299,906	188,269	188,269
Gain on Asset Sales	(8,847)	(8,847)	(3,713)	(3,713)
Provision for Taxation	0	0	27,360	27,360
Provision for Deferred Maintenance	0	0	113,000	113,000
	291,059	291,059	324,916	324,916
	405,409	405,453	380,468	380,598
<b>Add/(Less) Movement in Other Working Capital</b>				
(Increase)/Decrease in Stock	(5,670)	(5,670)	1,920	1,920
(Increase)/Decrease in Sundry Debtors	(6,525)	(6,525)	22,018	22,018
Increase/(Decrease) in Sundry Creditors	4,634	4,634	(20,127)	(19,227)
Increase/(Decrease) in GST	7,291	7,284	(2,677)	(2,807)
Increase/(Decrease) in Retentions	0	0	0	0
	(270)	(277)	1,134	1,904
<b>NETT CASH INFLOW/(OUTFLOW)</b>	405,139	405,176	381,602	382,502

# ***Invercargill Airport Limited***

## ***Notes to the Consolidated Financial Statements For the Year Ended 30 June 2002***

### ***FINANCIAL INSTRUMENTS***

#### ***Credit Risk***

Financial instruments which potentially subject the Company to a credit risk consist principally of bank deposits and receivables. Bank deposits are placed with high credit quality financial institutions.

Security is not required for the provision of goods and services but regular monitoring of balances outstanding is undertaken.

#### ***Interest Rate Risk***

The Company is not exposed to interest rate risk.

#### ***Foreign Exchange and Currency Risk***

The Company is not exposed to foreign exchange or currency risk.

#### ***Off Balance sheet Financial Instruments***

The Company does not have any off-balance sheet financial instruments.

#### ***Fair Values***

The Directors consider the fair value of each class of financial instrument is the same as the carrying value in the Statement of Financial Position.

### ***POST BALANCE DATE EVENTS***

Due to the liquidation of Tasman Pacific Airlines of New Zealand Limited, Invercargill Airport Limited is registered as an unsecured creditor for an amount of \$45,401. The liquidation is not completed, therefore, the recoverable amount is not certain. However, latest indications are that the recovery may be in the order of 7 cents for every unsecured dollar of debt (i.e. \$3,178). The debt was written off in the 2000/2001 financial statements.

### ***CONTINGENT LIABILITIES***

There are no known contingent liabilities at 30 June 2002 (2001 Nil).

### ***COMMITMENTS***

There are no commitments as at 30 June 2002 (2001 Nil).

# ***Invercargill Airport Limited***

## ***Notes to the Consolidated Financial Statements For the Year Ended 30 June 2002***

### ***PERFORMANCE MEASURES***

The Statement of Corporate Intent for Invercargill Airport Limited issued for the year designated certain targets. Detailed below are the relevant targets and Invercargill Airport Limited's achievements in relation to those targets.

Southern Tourism Limited has not completed a 2002 Statement of Corporate Intent due to the size and nature of the operation and thus no targets were set.

*Net Profit (before taxation and interest) to Total Assets (prior to taxation adjustment for change in policy)*  
To attain a return of 1.5% (2001 3.5%) on total assets. Actual achievement was 1.92% (2001 2.90%).

*Net Profit (after taxation and interest) to Total Assets*  
To attain a return of 0.3% (2001 1.8%) on total assets. Actual achievement was 1.47% (2001 1.20%)

*Net Profit (before interest and taxation) to Shareholders' Funds (prior to taxation adjustment for change in policy)*  
To attain a return of 1.8% (2001 4.1%) on Shareholders Funds. Actual achievement was 2.03% (2001 3.68%).

*Net Profit (after tax and interest) to Shareholders' Funds*  
To attain a return of 0.4% (2001 2.10%) on shareholders' Funds. Actual achievement was 1.55% (2001 1.53%).

*Shareholders' Funds/Total Assets*  
To attain a ratio of 83% (2001 86% ). Actual achievement was 94.82% (2001 78.66%).

**REPORT OF THE AUDITOR-GENERAL  
TO THE READERS OF THE FINANCIAL STATEMENTS OF  
INVERCARGILL AIRPORT LIMITED AND GROUP  
FOR THE YEAR ENDED 30 JUNE 2002**

We have audited the financial statements and performance information on pages 7 to 22. The financial statements provide information about the past financial performance of Invercargill Airport Limited and group and its financial position as at 30 June 2002. The performance information specifies the performance targets and other measures by which the performance of Invercargill Airport Limited and group can be judged in relation to its objectives. This information is stated in accordance with the accounting policies set out on pages 7 to 9.

### **Responsibilities of the Board of Directors**

The Local Government Act 1974 and the Financial Reporting Act 1993 require the Board of Directors (the Board) to prepare financial statements in accordance with generally accepted accounting practice in New Zealand that give a true and fair view of the financial position of Invercargill Airport Limited and group as at 30 June 2002 and the results of its operations and cash flows for the year ended on that date. The Local Government Act 1974 also requires the Board to report the performance targets and other measures by which the performance of Invercargill Airport Limited and group can be judged in relation to its objectives.

### **Auditor's responsibilities**

Section 15 of the Public Audit Act 2001 and Section 594ZC of the Local Government Act 1974 require the Auditor-General to audit the financial statements and the performance information presented by the Board. It is the responsibility of the Auditor-General to express an independent opinion on the financial statements and the performance information and report that opinion to you.

The Auditor-General has appointed Bede Kearney, of Audit New Zealand, to undertake the audit.

### **Basis of opinion**

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements and performance information. It also includes assessing:

- σ the significant estimates and judgements made by the Board in the preparation of the financial statements and performance information; and
- σ whether the accounting policies are appropriate to Invercargill Airport Limited and group's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with the Auditing Standards published by the Auditor-General, which incorporate the Auditing Standards issued by the Institute of Chartered Accountants of New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial



statements are free from material misstatements, whether caused by fraud or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Other than in our capacity as auditor acting on behalf of the Auditor-General, we have no relationship with or interests in Invercargill Airport Limited or its subsidiary.

### **Unqualified opinion**

We have obtained all the information and explanations we have required.

In our opinion:

- proper accounting records have been kept by Invercargill Airport Limited and group as far as appears from our examination of those records;
- the financial statements of Invercargill Airport Limited and group on pages 7 to 21:
  - comply with generally accepted accounting practice in New Zealand; and
  - give a true and fair view of:
    - Invercargill Airport Limited and group's financial position as at 30 June 2002; and
    - the results of its operations and cash flows for the year ended on that date; and
- the performance information of Invercargill Airport Limited and group on page 22 to gives a true and fair view of the achievements in relation to the performance targets and other measures adopted for the year ended 30 June 2002.

Our audit was completed on 27 September 2002 and our unqualified opinion is expressed as at that date.



B F Kearney  
Audit New Zealand  
On behalf of the Auditor-General  
Christchurch, New Zealand

