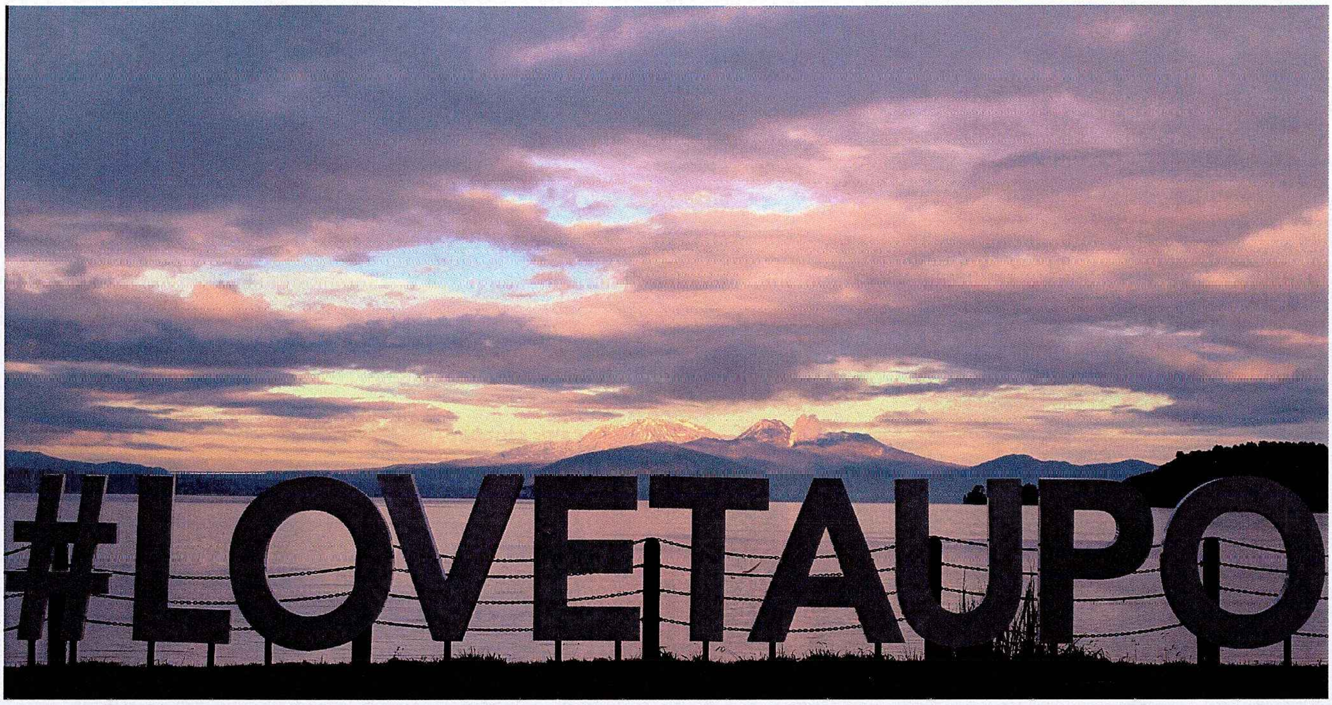


TAUPO AIRPORT AUTHORITY
LAKE TAUPO · NEW ZEALAND

# Annual Report 2017

# DIRECTORY

| | |
|---|---|
| **Governing Body** | **Taupō Airport Authority Committee**<br>Mayor David Trewavas<br>Councillor Rosanne Jollands (Council Representative)<br>Councillor Christine Rankin (Council Representative)<br>Chris Johnstone (Business Representative)<br>John Funnell (Taupō Airport User Group Representative)<br>Kathy Guy (DGLT representative) |
| **Airport General Manager** | Mike Groome |
| **Bankers** | Bank of New Zealand, Taupō – transactional banking |
| **Auditors** | Audit New Zealand on behalf of<br>The Controller & Auditor General |
| **Solicitors / Legal Advisors** | Le Pine & Co, Taupō |
| **Insurance Brokers** | Aon New Zealand Limited |
| **Joint Venture Partners** | Taupō District Council 50%<br>The Crown (Ministry of Transport) 50% |
| **Address** | Anzac Memorial Drive, TAUPŌ<br>RD 2, TAUPŌ |
| **Telephone** | Airport Manager [07] 378-7771<br>Facsimile [07] 377-7776<br>email airport@Taupōairport.co.nz<br>website www.Taupōairport.co.nz |

# CONTENTS

STATEMENT OF PERFORMANCE: PERFORMANCE TARGETS AND RESULTS ACHIEVED TO DATE

## Non-financial performance:

| Taupō Airport | | |
|---|---|---|
| **Objective:** To operate a successful commercially viable business providing land and infrastructure for the safe, appropriate and efficient air transport needs of the Taupō district. | | |
| **Performance targets** | **Results** | **Achievement** |
| To maintain facilities so as to avoid any diversion or cancellation of scheduled flights other than for weather or airline problems | Achieved | No diversions or cancellations due to facility maintenance (2016 Achieved) |
| The airport will be operated in such a way as to continue to hold CAA Part 139 certified | Achieved | The Airport is CAA Part 139 (2016 Achieved) |
| A positive financial return on Equity to be achieved annually. | Not Achieved | Annual result for the Airport is a loss of $129k (June 2016 Loss $125k) |
| The TAA be self-funding in terms of its own cash flow requirements. | Achieved | Operating cash flow for the year is $241k (June 2016 $67k) |

Although the Airport did not achieve a positive return on Equity, and the Scheduled Airline movements for the year are down, this is not indicative of the performance of the Airport for the year.

Parachuting and general aviation movements for 2016/17 were hampered by the very wet summer that Taupo experienced.

Due to the move by Air New Zealand from a small 19 seat Beech 1900 to the 50 seat Bombardier Q300 the number of scheduled movements has dropped, however there is greater income generated from higher landing fees and higher terminal charges for the bigger aircraft. With the larger aircraft the number of passenger seats has risen from 353 per week to 850.

It is pleasing to note that Air New Zealand has recently announced an increase in scheduled flights to Taupo over the summer period helping to ensure the ongoing viability of the Airport.

## Financial performance:

Consolidated shareholder funds to total assets 89.20% (June 2016: 90.64%) against a projected 90%.

### SUMMARY OF AIRCRAFT MOVEMENTS

*For the year ended 30 June 2017*

| | *Year to 30 June 2017* | *Year to 30 June 2016* | *Year to 30 June 2015* | *Year to 30 June 2014* | *Year to 30 June 2013* |
|---|---|---|---|---|---|
| Scheduled airlines | 2,914 | 3,334 | 3,462 | 3,782 | 3,823 |
| Private operation | 10,114 | 10,317 | 9,750 | 10,968 | 12,817 |
| Parachuting | 7,016 | 8,636 | 8,124 | 8,022 | 7,326 |
| Charters | 70 | 90 | 73 | 134 | 108 |
| Military operations | 30 | 16 | 66 | 70 | 72 |
| Helicopters | 5,100 | 4,948 | 4,550 | 4,482 | 5,368 |
| | 25,244 | 27,341 | 26,025 | 27,458 | 29,514 |

## CHAIRMAN'S REPORT -TAUPŌ AIRPORT AUTHORITY

Taupō Airport Authority operates a small regional airport just out of Taupō in the centre of the North Island.

The Taupō District's economy has a strong tourism element so it is imperative the airport continues to provide the infrastructure that allows for the many tourism-related aircraft movements that occur each year.

This year saw Air New Zealand providing a strong service to Taupō with increased loadings over last year, and an additional two return flights per week added to the schedule.

Sounds Air filled the gap in the market that occurred with Air New Zealand pulling out of the Taupō/Wellington leg and they have become an integral part of our transport network. This service continues to meet expectations, both for Sounds Air and the Taupō community. There has been no requirement from Taupō District Council to underwrite this service from the onset which is great news for the community.

A new committee was formed after the local body elections and our focus has been about the long term viability of our community's airport. Work is continuing on our masterplan, specifically around the requirements of a new terminal due to the current building not likely to meet specifications in the future. With the introduction of the larger planes we had a problem with the baggage collection area and an interim addition was added to the side of the terminal. A more permanent temporary structure will be installed in the new year.

Two small improvements were carried out airside this year. Airfuels installed a new underground tank, taxiway and fuel bowser for safer delivery of fuel and we extended the southern apron to eliminate congestion and improve safety.

Although tourist numbers to the region have increased wet weather has limited parachuting aircraft movements. General Aviation is up six per cent and helicopter movements up eight per cent showing that the demand for this regional airport remains strong.

With the larger planes and extra services came a slight increase in revenue, however this was offset by an increase in costs associated with the temporary baggage claim area.

A big thank you to all our airport staff and to Taupō District Council for their continued work on operating a successful airport operation.

Chris Johnston

## REPORT OF THE AUDITOR GENERAL

# Independent Auditor's Report

## To the readers of Taupō Airport Authority's financial statements and performance information for the year ended 30 June 2017

The Auditor-General is the auditor of Taupō Airport Authority (the Authority). The Auditor-General has appointed me, Clarence Susan, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of the Authority on his behalf.

### OPINION

We have audited:

- the financial statements of the Authority on pages 9 to 29, that comprise the statement of financial position as at 30 June 2017, the statement of comprehensive revenue and expenses , statement of changes in 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 Authority on page 3.

In our opinion:

- the financial statements of the Authority on pages 9 to 29:

  present fairly, in all material respects:

- its financial position as at 30 June 2017; and
- its financial performance and cash flows for the year then ended;

  comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards Reduced Disclosure Regime.

- the performance information of the Authority presents fairly, in all material respects, the Authority's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Authority's objectives, for the year ended 30 June 2017.

Our audit was completed on 14 September 2017. 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 Committee and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

## BASIS FOR 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 COMMITTEE FOR THE FINANCIAL STATEMENTS AND THE PERFORMANCE INFORMATION

The Committee is responsible on behalf of the Authority for preparing financial statements and performance information that are fairly presented and that comply with generally accepted accounting practice in New Zealand.
The Committee 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 performance information, the Committee is responsible on behalf of the Authority for assessing the Authority's ability to continue as a going concern. The Committee is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to liquidate the Authority or to cease operations, or there is no realistic alternative but to do so.
The Committee's 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 decision of readers taken on the basis of these financial statements and the performance information.
For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the Authority's statement of intent.
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 the 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 Authority's internal control.

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

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

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Committee and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority'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 Authority 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 Committee 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.

## OTHER INFORMATION

The Committee is responsible for the other information. The other information comprises the information included on page 4, but does not include the financial statements and the performance information, and our auditor's report thereon.
Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.
In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.
Independence

We are independent of the Authority in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of the Professional and Ethical Standard 1 (Revised): 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 Authority.

Clarence Susan
Audit New Zealand
On behalf of the Auditor-General
Tauranga, New Zealand

## Taupo Airport Authority
## Statement of Comprehensive Revenue and Expense
For the year ended 30 June 2017

| | Note | Actual 2017 $ | Airport SOI 2017 $ | Actual 2016 $ |
|---|---|---|---|---|
| **Revenue** | | | | |
| Revenue from services provided | 4 | **502,865** | **503,954** | 459,904 |
| Finance revenue | 5 | **1,773** | **7,250** | 6,847 |
| **Total revenue** | | **504,638** | **511,204** | 466,751 |
| **Expenditure** | | | | |
| Employee benefit expenses | 6 | **169,140** | **150,000** | 161,788 |
| Depreciation and amortisation expense | 11,12 | **286,017** | **271,878** | 272,274 |
| Other expenses | 6 | **221,138** | **210,718** | 211,226 |
| **Total operating expenditure** | | **676,295** | **632,596** | 645,288 |
| **Surplus/(deficit) before tax** | | **(171,657)** | **(121,392)** | (178,537) |
| Income tax (expense)/credit | 7 | **42,985** | **-** | 53,449 |
| **Surplus/(deficit) after tax** | | **(128,672)** | **(121,392)** | (125,088) |
| **Other comprehensive revenue** | | | | |
| Property, plant & equipment revaluations | 8 | **632,151** | **-** | 637,097 |
| Deferred tax on revaluation | | **(171,962)** | **-** | (56,587) |
| **Total other comprehensive revenue and expenses** | | **460,189** | **-** | 580,510 |
| **Total comprehensive revenue and expenses** | | **331,517** | **(121,392)** | 455,422 |
| **Net surplus/(deficit) after taxation is attributable to:** | | | | |
| **TDC and The Crown** | | **(128,672)** | **(121,392)** | (125,088) |
| **Total comprehensive revenue and expenses attributable to:** | | | | |
| **TDC and The Crown** | | **331,517** | **(121,392)** | 455,422 |
| | | **331,517** | **(121,392)** | 455,422 |

*Explanations of major variances against budget are provided in* note 15.

## Taupo Airport Authority
## Statement of Changes in Net Assets/Equity

For the year ended 30 June 2017

| | Note | Airport Actual 2017 $ | Actual 2016 $ |
|---|---|---|---|
| **Balance at 1 July** | 8 | **10,369,477** | 9,914,055 |
| Total other comprehensive revenue and expenses for the year | | **331,515** | 455,422 |
| Equity injections by Crown | | **-** | - |
| Equity injections by Taupo District Council | | **-** | - |
| **Equity as at 30 June 2016** | 8 | **10,700,992** | 10,369,477 |
| **Total recognised revenue and expenses are attributable to:** | | | |
| Taupo District Council | | **165,758** | 227,711 |
| The Crown | | **165,757** | 227,711 |
| Total comprehensive revenue and expenses | | **331,515** | 455,422 |

Summary of significant accounting policies and the accompanying notes form part of these financial statements.

**Taupo Airport Authority**
**Statement of Financial Position**
As at 30 June 2017

| | Note | Airport Actual 2017 $ | Actual 2016 $ |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 9 | **449,478** | 472,067 |
| Trade and other receivables | 10 | **67,404** | 48,936 |
| Prepayments | | **5,116** | 5,696 |
| **Total current assets** | | **521,998** | 526,699 |
| **Non-current assets** | | | |
| Intangible assets | 12 | **3,986** | 2,670 |
| Property, plant and equipment | 11 | **11,520,546** | 10,914,530 |
| **Total non-current assets** | | **11,524,532** | 10,917,200 |
| **Total assets** | | **12,046,530** | 11,443,899 |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 13 | **226,002** | 87,165 |
| Employee benefit liabilities | 14 | **33,000** | 34,135 |
| Other current liabilities | | **-** | - |
| **Total current liabilities** | | **259,002** | 121,300 |
| **Non-current liabilities** | | | |
| Employee benefits liabilities | 14 | **5,379** | 942 |
| Deferred tax liabilities | 7 | **1,081,157** | 952,180 |
| **Total non-current liabilities** | | **1,086,536** | 953,122 |
| **Total liabilities** | | **1,345,538** | 1,074,422 |
| **Net assets (assets minus liabilities)** | | **10,700,992** | 10,369,477 |
| **EQUITY** | | | |
| Equity interest of joint venture partners | 8 | **4,071,585** | 4,071,587 |
| Appropriation accounts | 8 | **2,197,240** | 2,325,910 |
| Asset revaluation reserves | 8 | **4,432,167** | 3,971,980 |
| **Total equity** | | **10,700,992** | 10,369,477 |

Explanations of major variances against budget are provided in note 15.

Summary of significant accounting policies and the accompanying notes form part of these financial statements.

The financial statements of the Taupo Airport Authority are for the year ended 30 June 2017. The financial statements were authorised for issue by the Airport Committee on 14th September 2017

Christine Rankin

Chris Johnstone
Chairman

## STATEMENT OF CASHFLOWS

For the year ended 30 June 2017

| | Note | Airport<br>Actual<br>2017<br>$ | Actual<br>2016<br>$ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Receipts from customers | | **472,920** | 410,659 |
| Finance revenue | | **1,773** | 6,847 |
| Payments to suppliers | | **(55,835)** | (175,091) |
| Payments to employees | | **(165,839)** | (173,097) |
| Net GST paid | | **(11,740)** | (2,758) |
| **Net cash flow from operating activities** | | **241,279** | 66,560 |
| **Cash flows from investing activities** | | | |
| Purchase of property, plant and equipment | | **(263,868)** | (35,328) |
| **Net cash flow from investing activities** | | **(263,868)** | (35,328) |
| **Net increase (decrease) in cash and cash equivalents held** | | **(22,589)** | 31,232 |
| Add cash and cash equivalents at the beginning of the year | | **472,067** | 440,835 |
| **Cash and cash equivalents at the end of the year** | 9 | **449,478** | 472,067 |

Summary of significant accounting policies and the accompanying notes from part of these financial statements.



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# 1 Statement of accounting policies for the year ended 30 June 2017

### 1.1 Reporting entity

The Taupo Airport Authority is a joint venture between Taupo District Council and the Crown with both parties having a 50% interest. Taupo District Council has responsibility for the management of the Airport. Governance is provided by a Committee of Council

The primary objective of the Airport is to operate a successful commercially viable business providing land and infrastructure for the safe, appropriate, and efficient air transport needs of the Taupo district, rather than making a financial return. Accordingly, the Airport has designated itself a public benefit entity for the for the purposes of New Zealand equivalents to International Public Sector Accounting Standards (PBE IPSAS).

The financial statements of Taupo Airport Authority are for the year ended 30 June 2017. The financial statements were authorised for issue by the Airport Committee on 14th September 2017.

# 2 Summary of significant accounting policies

### 2.1 Statement of Compliance and Basis of Preparation

The financial statements have been prepared on the going concern basis and in accordance with the Civil Aviation Act 1990, the Airport Authorities Act 1966, and the Local Government Act 2002, which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZGAAP). The financial statements have been prepared in accordance with Tier 2 PBE accounting standards and compy with PBE standards.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The financial statements are prepared using the historical cost basis except for certain classes of assets and liabilities which are recorded at fair value. These are detailed in the specific policies below.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar. The functional currency of the Airport is New Zealand dollars.

**Changes in accounting policies**

There are no changes in accounting policies.

### 2.2 GST

The financial statements have been prepared exclusive of GST with the exception of receivables and payables that have been shown inclusive of GST. Where GST is not recoverable as an input tax it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the IRD is included as part pf 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 flow

Commitments and contingencies are disclosed exclusive of GST.

### 2.3 Revenue

Revenue is measured at the fair value of consideration received or receivable.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

Revenue from any services rendered (except as described above) is recognised in proportion to the stage of completion of the transaction at the balance date. The stage of completion is assessed by reference to surveys of work performed.

Landing revenue is recognised on a straight-line basis over the term of the payments.

Rental revenue from investment property is recognised on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental revenue.

Interest revenue is recognised as it accrues, using the effective interest method.

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Revenue is measured at fair value of consideration received.

The main sources of revenue for the Airport are airfield landing charges and lease revenue from leasehold sites at the airport. Revenue is recognised in the period to which it relates. Payment is by cash, cheque, credit card, EFTPOS, automatic payment or direct debit.

**2.4 Leases**

*(i) Finance leases*

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred. At the commencement of the lease term, finance leases are recognised as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item and the present value of the minimum lease payments. The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability. The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether the Airport will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life

*(ii) Operating leases*

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset.

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

*(iii) Finance leases*

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term, so as to produce a constant periodic rate of interest on the remaining balance of the liability.

*(iv) Financing costs*

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method, foreign exchange losses, and losses on hedging instruments that are recognised in the Statement of Comprehensive Revenue and Expense using the effective interest rate method.

**2.5 Equity**

- Accumulated funds
- Revaluation Reserves

Equity is the community's interest in the Airport and is measured as the difference between total assets and total liabilities.

**2.6 Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits, and other short term highly liquid investments with maturities of three months or less.

**2.7 Financial assets**

Taupo Airport classifies its investments as loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments, which are not quoted in an active market. After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the Statement of Comprehensive Revenue and Expense.

## 2 Summary of significant accounting policies

### 2.8 Trade and other receivables

Trade and other receivables are recognised at their cost less impairment losses

A provision for impairment of receivables is established when there is objective evidence that the Airport will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the carrying amount and the present value of the estimated recovery of the debt.

### 2.9 Property, plant and equipment

Property, plant, and equipment consist of operational assets, which include office equipment, furniture and fittings, computer equipment, and a vehicle.

These assets are shown at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. 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 the Airport and the cost of the item can be reliably measured.

**Valuation methodologies**
Those asset classes that are revalued, are revalued on a three yearly valuation cycle. All other asset classes are carried at depreciated historical cost. The carrying values of all assets not revalued in any year are reviewed at each balance date to ensure that those values are not materially different to fair value.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

Increases in the carrying amounts arising on revaluation of an asset class are credited to revaluation reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in the surplus or deficit, the increase is first recognised in the surplus or deficit. Decreases that reverse previous increases of the same asset class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the class; all other decreases are charged to the surplus or deficit.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Airport and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the surplus or deficit during the financial period in which they are incurred.

**Additions**
Additions between valuations are shown at cost.

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 the Airport and the cost of the item can be measured reliably.

**Disposals**
Gains and losses on disposals are determined by comparing the disposal 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 other reserves in respect of those assets are transferred to retianed earnings.

When the use of a property changes from owner-occupied to investment property, the property is reclassified to investment property at its fair value at the date of the transfer.

**Subsequent measurement**
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 the 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.

## 2 Summary of significant accounting policies

**Depreciation**

Land is not depreciated. Depreciation has been provided on a straight-line basis on all property, plant, and equipment. Depreciation is provided 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:

| Class of PP&E | Estimated useful life | Depreciation rates |
|---|---|---|
| Buildings | 40 Years | 2.5% |
| Furniture and Fittings | 10 Years | 10% |
| Office Equipment and Plant and Equipment | 4 - 5 Years | 20% - 25% |
| Motor vehicles | 5 Years | 20% |
| Infrastructural assets | | |
| Formation | Indefinite | |
| Pavement | 60 Years | |
| Top surface (seal) | 15 Years | |
| Stormwater | 50 - 80 Years | |
| Footpaths | 80 Years | |
| Kerbs | 50 Years | |
| Fencing | 10 Years | |
| Streetlights | 15 Years | |

The depreciation rates are applied at a component level and are dependent on the expected remaining useful life of each component.

**Details of valuations by asset class**

**Valuation of land and buildings**

Airport land was initially valued at fair value by independent valuer Quotable Value New Zealand as at 1 July 2005, which was considered deemed cost. The land and buildings were revalued to fair value on the same basis by independent valuer, Quotable Value New Zealand at 30 June 2016. Land is not depreciated.

**Valuation of infrastructural assets**

Infrastructure assets are the utility systems that provide a continuing service to the Airport and are not generally regarded as tradeable. They include the runways, roads, and stormwater systems together with other improvements of an infrastructural nature. These assets were valued at fair value by Beca Projects NZ Limited at 30 June 2017.

**Assets under construction/work in progress.**

Assets under construction are not depreciated. The total cost of a project is transferred to the relevant asset class on its completion and then depreciated. Assets under construction are recognised at cost less impairment, The current carrying amount of items under construction is separately disclosed.

All the Airport's assets are classed as non-generating, that is they are not held with the primary objective of generating a commercial return.

**2.10 Intangible assets**

**Website**

The website has been capitalised on the basis of costs incurred to acquire and bring to use the website. This has been valued at cost, and will be amortised over the expected useful life of the website.

| Class of intangible asset | Estimated useful life | Amortisation rates |
|---|---|---|
| Website | 4 years | 25% |

## 2 Summary of significant accounting policies

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

### 2.11 Investment property

Properties leased to third parties under operating leases and properties held for capital appreciation are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation.

Investment property is measured initially at its cost, including transaction costs.

After initial recognition, Taupo Airport Authority measures all investment property at fair value as determined annually by an independent valuer.

Gains or losses arising from a change in the fair value of investment property are recognised in the statement of comprehensive revenue and expense.

All investment properties have been disposed.

### 2.12 Payables

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

### 2.13 Employee entitlements

**Short-term employee entitlements**

Provision is made in respect of the Airport's liability for salaries and wages accrued up to balance date, annual leave, long service leave, and lieu leave.

Long service leave, where there is already actual entitlement, is accrued at actual entitlement using current rates of pay. In addition, there is an actuarial assessment of value for which entitlement has not yet been reached. This assessment uses current rates of pay taking into account years of service, years to entitlement and the likelihood staff will reach the point of entitlement. These estimated amounts are discounted to their present value.

Liabilities for annual leave and lieu day leave are accrued on an actual entitlement basis, using current rates of pay.

**Long-term employee entitlements**

Employee benefits 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, 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 entitlement information; and
- the present value of the estimated future cash flows.

**Superannuation schemes**

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the surplus or deficit when incurred.

### 2.14 Income tax

Income tax on the surplus or deficit for the year comprises current and deferred tax.

Current tax is the amount of income tax payable based on the taxable surplus for the current year, plus any adjustments to income tax payable in respect of 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 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 surpluses will be available against which the deductible temporary differences or tax losses can be utilised.

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.

## 2 Summary of significant accounting policies

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

### 2.15 Budget figures

The budget figures are those approved by the Committee in the Statement of Intent and in complying with sections 64, 66, and 67 of the Local Government Act 2002.

### 2.16 Going Concern

The Taupo Airport Authority consider that the continued adoption of the going concern assumption for the preparation of this financial report is appropriate. This conclusion has been reached having regard to assurances from the Taupo District Council that financial support and / or funding will be made available to ensure that the Airport can continue its current operations.

## 3 Critical accounting estimates and judgements

In preparing the financial statements the Airport made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

## 4 Revenue from services provided

| | Airport | |
|---|---|---|
| | **Actual 2017 $** | Actual 2016 $ |
| Landing fees | **174,992** | 174,014 |
| Lease revenue | **189,794** | 191,183 |
| Other services | **136,825** | 94,707 |
| Other revenue | **1,254** | - |
| **Total revenue from services provided** | **502,865** | 459,904 |

## 5 Finance revenue

| | Airport | |
|---|---|---|
| | **Actual 2017 $** | Actual 2016 $ |
| Interest revenue | **1,773** | 6,847 |
| **Total finance revenue** | **1,773** | 6,847 |

## 6 Operating expenditure

| | | |
|---|---|---|
| **Employee benefit expenses** | | |
| Salaries and wages | **161,008** | 167,072 |
| Increase/(decrease) in employee entitlements/liabilities | **3,302** | (10,313) |
| Defined contribution plan employer contributions | **4,830** | 5,029 |
| **Total employee benefit expenses** | **169,140** | 161,788 |
| | | |
| **Depreciation by asset class:** | | |
| Total depreciation | **285,843** | 271,075 |
| Total amortisation | **174** | 1,199 |
| **Total depreciation and amortisation** | **286,017** | 272,274 |
| | | |
| **Other expenses** | | |
| Audit fees for financial statements audit | **12,499** | 12,142 |
| Maintenance | **22,123** | 20,137 |
| Ground maintenance | **20,763** | 12,935 |
| Runway & pavement maintenance | **6,242** | 10,166 |
| Terminal maintenance | **3,862** | 4,609 |
| Airfield contractors | **11,045** | 11,467 |
| Electricity and gas | **12,842** | 12,607 |
| Materials and supplies | **6,246** | 9,319 |
| Professional services fees/legal fees | **15,829** | 23,038 |
| Accountancy & business services TDC | **12,500** | 12,500 |
| Vehicle running costs | **945** | 1,782 |
| Insurance | **7,470** | 6,181 |
| Committee expenses | **-** | 1,499 |
| Cleaning | **17,348** | 18,173 |
| Equipment hire | **31,107** | 17,382 |
| Bad debts written off | **33** | 67 |
| Loss on disposal of property, plant & equipment | **2,670** | - |
| Other expenses | **37,614** | 37,222 |
| **Total other expenses** | **221,138** | 211,226 |

## 7 Income tax

| | Airport | |
|---|---|---|
| | **Actual 2017 $** | Actual 2016 $ |
| **Components of tax expense** | | |
| Current tax | - | - |
| Deferred tax | **(42,985)** | (53,449) |
| **Tax expense** | **(42,985)** | (53,449) |
| **Relationship between tax expense and accounting profit:** | | |
| **Net surplus/(deficit)** | **(171,657)** | (178,537) |
| Tax calculated at 28% | **(48,064)** | (49,990) |
| *Plus (less) tax effect of:* | | |
| Deferred tax adjustment | **5,079** | (3,459) |
| **Tax expense** | **(42,985)** | (53,449) |

No Imputation credits are available to distribute to owners

**Deferred tax liabilities**

| **Airport** | **Property, plant and equipment $** | **Non-deductible provisions $** | **Tax losses $** | **Total $** |
|---|---|---|---|---|
| **Balance at 1 July 2015** | (1,389,896) | 11,105 | 429,748 | (949,043) |
| Charged to surplus or deficit | 18,258 | (1,095) | 36,286 | 53,449 |
| Charged directly to equity | (56,587) | - | - | (56,587) |
| **Balance at 30 June 2016** | (1,428,225) | 10,010 | 466,034 | (952,181) |

| | **Property, plant and equipment $** | **Non-deductible provisions $** | **Tax losses $** | **Total $** |
|---|---|---|---|---|
| **Balance at 1 July 2016** | (1,428,225) | 10,010 | 466,034 | (952,181) |
| Charged to surplus or deficit | 48,479 | 736 | (6,230) | 42,985 |
| Charged directly to equity | (171,962) | - | - | (171,962) |
| **Balance at 30 June 2017** | (1,551,708) | 10,746 | 459,804 | (1,081,158) |

## 8 Net assets/equity

| | Airport Actual 2017 $ | Actual 2016 $ |
|---|---|---|
| **(a) Equity Interest of Joint Venture Partners** | | |
| **(i) Taupo District Council** | | |
| Opening balance | **2,003,902** | 2,003,903 |
| **Closing balance** | **2,003,902** | 2,003,903 |
| **(ii) The Crown** | | |
| Opening balance | **2,067,683** | 2,067,684 |
| **Closing balance** | **2,067,683** | 2,067,684 |
| **Total closing balance of equity accounts** | **4,071,585** | 4,071,587 |
| **(b) Appropriation Accounts** | | |
| **(i) Taupo District Council** | | |
| Opening balance | **2,487,584** | 2,550,128 |
| Share of net surplus (deficit) | **(64,336)** | (62,544) |
| **Closing balance** | **2,423,248** | 2,487,584 |
| **(ii) The Crown** | | |
| Opening balance | **(161,672)** | (99,130) |
| Share of net surplus (deficit) | **(64,336)** | (62,544) |
| **Closing balance** | **(226,008)** | (161,674) |
| **Total closing balance of appropriation accounts** | **2,197,240** | 2,325,910 |

The breakdown of asset revaluation reserves are disclosed as follows:

| | Airport Actual 2017 $ | Actual 2016 $ |
|---|---|---|
| **Property, plant and equipment revaluation reserve** | | |
| **Balance at 1 July** | **3,971,980** | 3,391,470 |
| Revaluation gains/(losses) | **632,149** | 637,097 |
| Deferred tax on revaluation | **(171,962)** | (56,587) |
| Transfer to accumulated funds | **-** | - |
| Less minority interest share in change in asset value | **-** | - |
| **Balance at 30 June** | **4,432,167** | 3,971,980 |
| **Operational assets:** | | |
| Land | **1,345,000** | 1,345,000 |
| Buildings | **189,754** | 189,755 |
| Fencing | **59,664** | 46,453 |
| Land improvements | **130,967** | 117,910 |
| **Infrastructure assets** | | |
| Roading & streetlighting | **370,095** | 136,648 |
| Stormwater | **192,645** | 172,571 |
| Runways | **2,144,042** | 1,963,643 |
| **Total asset revaluation reserves** | **4,432,167** | 3,971,980 |

## 9 Cash and cash equivalents

| | Airport | |
|---|---|---|
| | **Actual 2017 $** | Actual 2016 $ |
| Cash at bank and in hand | **2,606** | 468 |
| Call deposits | **446,872** | 471,599 |
| **Total cash and cash equivalents used in statement of cashflows** | **449,478** | 472,067 |

The carrying value of short-term deposits with maturity dates of three months or less approximates their fair value.

## 10 Trade and other receivables

| | Airport | |
|---|---|---|
| | **Actual 2017 $** | Actual 2016 $ |
| Trade receivables | **53,382** | 46,069 |
| Other | **14,022** | 2,867 |
| **Total current net trade and other receivables** | **67,404** | 48,936 |
| Receivables from exchange transactions | **54,683** | 47,955 |
| Receivables from non-exchange transactions | **12,721** | 981 |
| **Total current net trade and other receivables** | **67,404** | 48,936 |

Debtors and other receivables are non-interest bearing and receipt is normally on 30 day terms, therefore the carrying value of debtors and other receivables approximates their fair value.

**The status of receivables as at 30 June 2017 are detailed below:**

| | Airport | |
|---|---|---|
| | **Actual 2017 $** | Actual 2016 $ |
| Current | **61,868** | 33,705 |
| Past due 1-30 days | **3,518** | 1,757 |
| Past due 31-60 days | **325** | 4,504 |
| Past due 61+ days | **1,693** | 8,970 |
| **Total individual impairment** | **67,404** | 48,936 |

## 11 Property, plant and equipment

| June 2017 | Cost / revaluation 1 Jul 2016 $ | Accumulated depreciation 1 Jul 2015 $ | Carrying amount 1 Jul 2016 $ | Current year additions (+ gains) $ | Current year disposals (+ losses) $ | Current year impairment charges $ | Current year depreciation $ | Transfers $ | Revaluation surplus $ | Cost / revaluation 30 Jun 2017 $ | Accumulated depreciation 30 Jun 2017 $ | Carrying amount 30 Jun 2017 $ |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Operating assets At cost & valuation** | | | | | | | | | | | | |
| Buildings | 536,771 | (717) | 536,054 | - | - | - | (20,932) | - | - | 536,771 | (21,649) | 515,122 |
| Office furniture and fittings | 85,159 | (74,967) | 10,192 | 7,559 | - | - | (2,703) | - | - | 91,034 | (75,986) | 15,048 |
| Plant and equipment | 152,724 | (129,927) | 22,797 | 1,210 | - | - | (7,916) | - | - | 153,934 | (137,843) | 16,091 |
| Motor Vehicles | 23,043 | (8,693) | 14,350 | - | - | - | (2,870) | - | - | 23,043 | (11,563) | 11,480 |
| Capital work in progress - buildings | - | - | - | 17305 | - | - | - | - | - | 17,305 | - | 17,305 |
| Land Improvements | 244,400 | - | 244,400 | - | - | - | - | - | 18,000 | 262,400 | - | 262,400 |
| Street Lighting | 20,418 | (6,124) | 14,294 | - | - | - | (3,166) | - | 11,072 | 22,200 | - | 22,200 |
| Fencing | 42,950 | (12,247) | 30,703 | - | - | - | (6,115) | - | 18,212 | 42,800 | - | 42,800 |
| **Total operating assets** | **1,105,465** | **(232,675)** | **872,790** | **26,074** | **-** | **-** | **(43,702)** | **-** | **47,284** | **1,149,487** | **(247,041)** | **902,446** |
| **Infrastructural assets At cost & valuation** | | | | | | | | | | | | |
| Roading | 1,145,100 | (21,114) | 1,123,986 | - | - | - | (10,531) | - | 310,745 | 1,424,200 | - | 1,424,200 |
| Stormwater | 376,800 | (27,064) | 349,736 | 8,200 | - | - | (13,513) | - | 30,777 | 375,200 | - | 375,200 |
| Runways | 5,028,217 | (420,231) | 4,607,986 | 240,465 | - | - | (218,096) | - | 243,345 | 4,873,700 | - | 4,873,700 |
| Capital work in progress - Taupo Airport runways | 15,031 | - | 15,031 | - | (15,031) | - | - | - | - | - | - | - |
| **Total infrastructural assets** | **6,565,148** | **(468,409)** | **6,096,739** | **248,665** | **(15,031)** | **-** | **(242,140)** | **-** | **584,867** | **6,673,100** | **-** | **6,673,100** |
| **Restricted assets At cost & valuation** | | | | | | | | | | | | |
| Land | 3,945,000 | - | 3,945,000 | - | - | - | - | - | - | 3,945,000 | - | 3,945,000 |
| **Total restricted assets** | **3,945,000** | **-** | **3,945,000** | **-** | **-** | **-** | **-** | **-** | **-** | **3,945,000** | **-** | **3,945,000** |
| **Total** | **11,615,613** | **(701,084)** | **10,914,529** | **274,739** | **(15,031)** | **-** | **(285,842)** | **-** | **632,151** | **11,767,587** | **(247,041)** | **11,520,546** |

| June 2016 | Cost / revaluation 1 Jul 2015 $ | Accumulated depreciation 1 Jul 2015 $ | Carrying amount 1 Jul 2015 $ | Current year additions (+ gains) $ | Current year disposals (+ losses) $ | Current year depreciation $ | Transfers $ | Revaluation surplus $ | Cost / revaluation 30 Jun 2016 $ | Accumulated depreciation 30 Jun 2016 $ | Carrying amount 30 Jun 2016 $ |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Operating assets At cost & valuation** | | | | | | | | | | | |
| Buildings | 369,373 | (23,737) | 345,636 | - | - | (11,678) | - | 202,096 | 536,771 | (717) | 536,054 |
| Office furniture and fittings | 82,613 | (71,049) | 11,564 | 2,546 | - | (3,918) | - | - | 85,159 | (74,967) | 10,192 |
| Plant and equipment | 142,224 | (121,998) | 20,226 | 10,499 | - | (7,928) | - | - | 152,724 | (129,927) | 22,797 |
| Motor Vehicles | 23,043 | (5,093) | 17,950 | - | - | (3,600) | - | - | 23,043 | (8,693) | 14,350 |
| Capital work in progress - buildings | 550 | - | 550 | - | (550) | - | - | - | - | - | - |
| Land Improvements | 244,400 | - | 244,400 | - | - | - | - | - | 244,400 | - | 244,400 |
| Street Lighting | 20,418 | (2,950) | 17,468 | - | - | (3,174) | - | - | 20,418 | (6,124) | 14,294 |
| Fencing | 42,950 | (6,115) | 36,835 | - | - | (6,132) | - | - | 42,950 | (12,247) | 30,703 |
| **Total operating assets** | **925,571** | **(230,942)** | **694,629** | **13,045** | **(550)** | **(36,430)** | **-** | **202,096** | **1,105,465** | **(232,675)** | **872,790** |
| **Infrastructural assets At cost & valuation** | | | | | | | | | | | |
| Roading | 1,145,100 | (10,543) | 1,134,557 | - | - | (10,571) | - | - | 1,145,100 | (21,114) | 1,123,986 |
| Stormwater | 376,800 | (13,514) | 363,286 | - | - | (13,549) | - | - | 376,801 | (27,064) | 349,737 |
| Runways | 5,020,413 | (209,707) | 4,810,706 | 7,804 | - | (210,524) | - | - | 5,028,217 | (420,231) | 4,607,986 |
| Capital work in progress - Taupo Airport runways | - | - | - | 15,031 | - | - | - | - | 15,031 | - | 15,031 |
| **Total infrastructural assets** | **6,542,313** | **(233,764)** | **6,308,549** | **22,835** | **-** | **(234,644)** | **-** | **-** | **6,565,149** | **(468,409)** | **6,096,740** |
| **Restricted assets At cost & valuation** | | | | | | | | | | | |
| Land | 3,510,000 | - | 3,510,000 | - | - | - | - | 435,000 | 3,945,000 | - | 3,945,000 |
| **Total restricted assets** | **3,510,000** | **-** | **3,510,000** | **-** | **-** | **-** | **-** | **435,000** | **3,945,000** | **-** | **3,945,000** |
| **Total** | **10,977,884** | **(464,706)** | **10,513,178** | **35,880** | **(550)** | **(271,074)** | **-** | **637,096** | **11,615,614** | **(701,084)** | **10,914,530** |

*Land (operational, restricted, and infrastructural)*

Land is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values. Adjustments have been made to the "unencumbered" land value where there is a designation against the land or the use of the land is restricted because of reserve or endowment status. These adjustments are intended to reflect the negative effect on the value of the land where an owner is unable to use the land more intensely.

*Buildings (operational and restricted)*

Specialised buildings are valued at fair value using depreciated replacement cost because no reliable market data is available for such buildings. The Airport has no such buildings

Non-specialised buildings (for example, residential buildings) are valued at fair value using market-based evidence. Market rents and capitalisation rates were applied to reflect market value.

In September 2013 an earthquake risk assessment was undertaken on the Airport terminal and offices by Ian Smith Project Services Ltd and both buildings were assessed as non earthquake risks. Based on this assessment no adjustments have been made for any estimated building strengthening costs or associated lost rental due to building strengthening work.

*Infrastructural asset classes: sewerage, water, drainage, and roads*

Sewerage, water, drainage, and roading infrastructural assets are valued using the depreciated replacement cost method. There are a number of estimates and assumptions exercised when valuing infrastructural assets using the depreciated replacement cost method. These include:

- Estimating any obsolescence or surplus capacity of the asset.
- Estimating the replacement cost of the asset. The replacement cost is derived from recent construction contracts in the region for similar assets.
- Estimates of the remaining useful life over which the asset will be depreciated. These estimates can be affected 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 the Airport could be over-or under-estimating the annual deprecation charge recognised as an expense in the statement of comprehensive revenue and expense. To minimise this risk, 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.

The most recent valuation of infrastructural assets was performed by V Gandhi of Beca Group, and the valuation is effective as at 30 June 2017.

**Disposals**
The Airport wrote off the website (intangable asset) and it was replaced by the current website during the financial year.

**Impairment**
No impairment losses have been recognised for plant and equipment during the year.

**Work in progress**
The current amount of work in progress is $17,305 and relates to the new baggage claim building.

**Leasing**

The Airport has no plant and equipment held under finance leases (2016 $0).

**Restrictions**

The Airport has land in the "restricted Asset" category. Land in the 'Restricted Asset" category are subject to either restrictions on use, or disposal, or both. This includes restrictions from legislation (such as land declared as a reserves under the Reserves Act 1977), or other restrictions (such as land under a bequest or donation that restricts the purpose for which the assets can be used).

There are no buildings in this category.

## 12 Intangible assets

Movements in the carrying value for each class of intangible asset are as follows:

| | Computer software $ |
|---|---|
| **At 1 July 2015** | |
| Cost | 4,784 |
| Accumulated amortisation and impairment | (914) |
| **Net book amount** | 3,870 |
| | |
| **Year ended Actual 2016** | |
| Opening net book amount | 3,870 |
| Additions | - |
| Disposals | - |
| Amortisation charge | (1,200) |
| **Closing net book amount** | 2,670 |
| | |
| **At Actual 2016** | |
| Cost | 4,784 |
| Accumulated amortisation and impairment | (2,114) |
| **Net book amount** | 2,670 |

| | $ |
|---|---|
| **Year ended 30 June 2017** | |
| Opening net book amount | 2,670 |
| Additions | 4,160 |
| Disposals | (2,670) |
| Amortisation charge | (174) |
| **Closing net book amount** | 3,986 |
| | |
| **At 30 June 2017** | |
| Cost | 4,160 |
| Accumulated amortisation and impairment | (174) |
| **Net book amount** | 3,986 |

There are no restrictions over the title of intangible assets. No intangible assets are pledged as security for liabilities.

**Impairment**
No impairment losses have been recognised for any intangible asset.

## 13 Trade and other payables

| | Airport | |
|---|---|---|
| | **Actual 2017 $** | Actual 2016 $ |
| Trade payables | **147,861** | 45,606 |
| Retentions | **13,437** | - |
| Accrued expenses | **15,583** | 15,622 |
| Revenue in advance | **49,121** | 25,937 |
| **Total creditors and other payables** | **226,002** | 87,165 |
| Total creditors and other payables from exchange transactions | **176,038** | 60,552 |
| Total creditors and other payables from non-exchange transactions | **49,964** | 26,613 |
| **Total current creditors and other payables from exchange and non-exchange transactions** | **226,002** | 87,165 |

Trade payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of trade payables approximates their fair value.

## 14 Employee benefit liabilities

| | Airport | |
|---|---|---|
| | **Actual 2017 $** | Actual 2016 $ |
| **Current portion** | | |
| Annual leave | **33,000** | 34,135 |
| **Total current portion** | **33,000** | 34,135 |
| **Non-current portion** | | |
| Long service leave | **5,379** | 942 |
| **Total non-current portion** | **5,379** | 942 |
| **Total employee entitlements** | **38,379** | 35,077 |

The present value of long service leave obligations depend on a number of factors that are determined on an actuarial basis. Two key assumptions used in calculating this liability include the discount rate and the salary inflation figure. Any changes in these assumptions will affect the carrying amount of the liability.

A discount factor of 1.97% (2016 2.12%) and an inflation factor of 2% (2016 2%) were used.

## 15 Explanation of major variances against budget

| | Airport | |
|---|---|---|
| | **Actual 2017 $** | SOI 2017 $ |
| Total revenue | **504,638** | 511,204 |
| Total expenditure | **(676,295)** | (632,596) |
| Net Surplus(deficit) before taxation | **(171,657)** | (121,392) |

Explanations for major variations from the Statement of Intent

| | **Actual 2017 $** | SOI 2017 $ |
|---|---|---|
| **Main variances in revenue against budget** | - | - |
| Landing charges | | |
| General Aviation | 168,108 | 177,900 |
| Charter and bulk landing | 6,884 | 7,004 |
| Lower than expected general aviation traffic | - | - |
| Leases Income | 189,794 | 190,710 |
| Other services | 136,825 | 129,590 |
| Hay sales and aircraft parking not budgeted for | - | - |
| Interest | 1,773 | 6,000 |
| Lower interest rate on Call account | - | - |
| Other | 1,254 | - |
| | **504,638** | **511,204** |
| **Main variances in expense against budget** | - | - |
| Consultants and professional fees | 8,366 | - |
| We have used Consultants for survey works and the terminal carpark extension plan which were not budgeted for | | |
| Equipment Hire | 31,107 | 17,256 |
| Hireage of scaffolding and tiles for temporary baggage claim area not budgeted for | | |
| Ground Maintenance - Airside | 10,309 | 2,336 |
| Increase in height of fencing to meet CAA requirements | | |
| Building maintenance | 7,668 | 4,000 |
| Relocation of cabling in Airport office | | |
| Software licences | 12,744 | 8,460 |
| Extra security for website and emails | | |
| Depreciation | 286,017 | 271,878 |
| Increase in building depreciation due to revaluation | | |
| Other expenses | 320,084 | 328,666 |
| Electricity costs lower than budgeted | | |
| **Actual - total net assets** | **676,295** | **632,596** |

## 16 Related party transactions

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 that it is reasonable to expect the Airport would have adopted in dealing with the party at arm's length in the same circumstances.

Related party disclosures have also not been made for transactions with the Crown and with entities within the Taupo District Council Group (such as funding and financing flows), where the transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such Group transactions.

*Key management personnel*

| | Airport | |
|---|---|---|
| | **Actual 2017 $** | Actual 2016 $ |
| **Committee members** | | |
| Full-time equivalent members | **6** | 6 |
| **Total Full-time equivalent members** | **6** | 6 |

Due to the difficulty in determining the full-time equivalent for Committee Members, the fulltime equivalent figure is taken as the number of Committee Members.

## 17 Capital & operational commitments and operating leases

On the 1st of June 2017 the Airport entered into a contract with KiwiSpan Taupo to build the new baggage claim building for the price of $56,300 excl GST. A deposit was paid on the 31st of July 2017 of 10%. As at 30 June 2017 the Airport had no operational commitments, or operating leases (2016: $0).

## 18 Contingencies

As at 30 June 2017 the Airport had no contingent liabilities or assets (2016: $0).

**Contingent assets**
There are no contingent assets at 30 June 2017 (June 2016 $0).

## 19 Financial instruments

### Financial instrument categories

| Assets | Held for trading $ | Assets at fair value through surplus or deficit $ | Loans and receivables $ | Available for sale $ | Total $ |
|---|---|---|---|---|---|
| **30 June 2017** | | | | | |
| Cash and cash equivalent | - | - | 449,478 | - | 449,478 |
| Receivables and prepayments | - | - | 54,683 | - | 54,683 |
| **Total assets** | - | - | 504,161 | - | 504,161 |
| **30 June 2016** | | | | | |
| Cash and cash equivalent | - | - | 472,067 | - | 472,067 |
| Receivables and prepayments | - | - | 47,955 | - | 47,955 |
| Total assets | - | - | 520,022 | - | 520,022 |

| Liabilities | Held for trading $ | Measured at amortised cost $ | Total $ |
|---|---|---|---|
| **30 June 2017** | | | |
| Payables and accruals | - | 176,882 | 176,882 |
| Total liabilities | - | 176,882 | 176,882 |
| **30 June 2016** | | | |
| Payables and accruals | - | 61,228 | 61,228 |
| Total liabilities | - | 61,228 | 61,228 |

## 20 Events after balance date

There were no subsequent events after 30 June 2017.