

TAUPŌ AIRPORT

TE TAUNGA WAKA RERERANGI O TAUPŌ

ANNUAL REPORT

DIRECTORY

Governing Body

Taupō Airport Authority (TAA) Committee:
Mayor David Trewavas
Councillor Duncan Campbell (Council Representative)
Councillor Yvonne Westerman (Council Representative)
Chris Johnston (Business Representative)
Chris Grace (Business Representative)

Airport General Manager

Wayne Wootton

Bankers

Bank of New Zealand, Taupō – transactional banking

Auditors

Silks Audit on behalf of The
Controller & Auditor General

Solicitors / Legal Advisors

Holland Beckett Law, Taupō

Insurance Brokers

Aon New Zealand Limited

Joint Venture Partners

Taupō District Council (TDC)	50%
The Crown (Ministry of Transport)	50%

Address

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STATEMENT OF PERFORMANCE: PERFORMANCE TARGETS AND RESULTS ACHIEVED TO DATE

Non-financial performance:

Taupō Airport Authority		
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 (2022: Achieved)
The airport will be operated in such a way as to continue to hold CAA Part 139 certification.	Achieved	The Airport is CAA Part 139 certified (2022: Achieved)
The airport will manage health and safety risks and provide a safe and healthy environment for everyone affected by the activities of TAA including employees, customers, tenants, contractors and visitors.	Achieved	Rule Part 139 Compliant Rule Part 100 Compliant (2022: Achieved)
The TAA will be self-funding in terms of its own cash flow.	Not Achieved	Operating cash flow for the year was \$(277)k (2022: \$48k, considered not achieved as was due to delaying payment to Taupo District Council)

Financial performance:

Consolidated shareholder funds to total assets 88.3% (2022: 92.5%) against a projected 87.8%.

SUMMARY OF AIRCRAFT MOVEMENTS

For the year ended 30 June 2023

	Year to 30 June 2023	Year to 30 June 2022	Year to 30 June 2021	Year to 30 June 2020	Year to 30 June 2019
Scheduled airlines	2,225	1,824	2,016	2,278	3,012
Private operation	6,050	7,572	7,235	5,014	6,296
Parachuting	3,158	2,547	2,840	5,612	7,648
Military operations	0	6	16	12	52
Helicopters	5,928	5,567	4,875	4,642	5,626
	17,361	17,516	16,982	17,558	22,634

CHAIRMANS REPORT

Taupo Airport Authority (TAA) operates a small regional airport in the centre of the North Island with regular commercial services to Auckland and Wellington. We are one of five joint venture airports in a partnership with the Ministry of Transport representing the Crown.

With the completion of the terminal redevelopment project in January 2023 and the appointment of Wayne Wootton as General Manager, TAA can now start to recognise the potential that Taupo Airport offers to the district.

The terminal redevelopment was testament to a community-based project, with a collaborative approach from all involved. With very difficult construction constraints due to the COVID-19 disruptions it was pleasing to see the project come in only a few percent over budget and more or less on time. This award-winning building will provide not only a warm welcome to visitors to Taupo but allow for the future growth of the local aviation sector.

Alongside the building we have replaced the small car park and paddock parking with a well-lit and secure parking zone, utilising licence plate recognition and a paperless system. Also upgraded as part of the Council's capital works programme was the entrance to the airport along Anzac Memorial Drive.

The final part of the project, the apron extension, has been deferred until Spring 2024.

Wayne Wootton assisted by Kim Gard and Stephen Petersen have begun to streamline all systems within the business. Growth comes with logistical issues and to help provide assistance to the team, contracts were issued to provide airport operations and ground maintenance, allowing the focus on the behind the scene requirements to operate a busy uncontrolled airspace. A large amount of preparation work was carried out by the airport team to prepare for the 5-year aerodrome operating certificate recertification, with the Civil Aviation Authority scheduled to commence their audit during the first week of July 2023.

Overdue because of the COVID-19 disruptions was the landing charge review for regular passenger transport operations. This was completed in April and accepted by the 2 major commercial operators into Taupo, namely Air New Zealand and Sounds Air. A review of the general aviation aeronautical charges was also due but this was deferred because of time constraints until later in the 2023 calendar year.

In financial terms, revenues were down 13% on budget, and operating expenditure was 27% worse than budget, resulting in an Operating deficit after tax of \$350,566. Revaluations of runways, roading, and carparks increased Comprehensive income by \$1.8m after tax. More detailed information is contained in the financial statements.

As a joint venture airport with the Ministry of Transport, work has begun on a review of the joint venture Deed. The Deed is 50 years old and needs to be modernised to reflect the current relationship we have with the MOT, this work will continue into the following business year.

The early work on the long-term masterplan of the airport continues with the streamlining of the leases and development of a strategy towards how the airport will look in 20 years' time.

The necessary requirements to meet new demand and associated compliance, associated with bigger development comes at an increased cost to the business. Our forecasts show a return to a positive cash-flow position over the next financial year as we capture the increased revenue the new model allows.

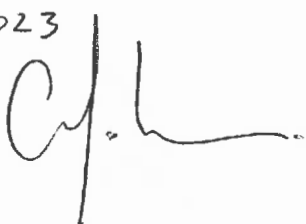
The TAA Committee members would like to acknowledge the huge efforts put in by the staff at the airport along with the ongoing support from Taupo District Council.

Chris Johnston

Chairman

Taupo Airport Authority

30/10/2023



INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF THE TAUPO AIRPORT AUTHORITY'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2023

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

Opinion

We have audited the financial statements of the Taupo Airport Authority on pages 10 to 30, that comprise the statement of financial position as at 30 June 2023, the statement of comprehensive revenue and expense, 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 statement of service performance of the Taupo Airport Authority on page 3.

In our opinion:

- the financial statements of the Taupo Airport Authority on pages 10 to 30:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2023; and
 - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with the Tier 2 Public Benefit Entity Reporting Standards Reduced Disclosure Regime.
- the performance information on page 3:
 - presents fairly, in all material respects, the Taupo Airport Authority's performance for the year ended 30 June 2023, including:
 - for each class of reportable outputs:
 - its standards of delivery performance achieved as compared with forecasts included in the statement of performance expectations for the financial year; and
 - its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year; and
 - complies with generally accepted accounting practice in New Zealand

Our audit was completed on 30 October 2023. This is the date at which our opinion is expressed.

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

Basis for our opinion

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

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

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

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

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

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

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

The Board's responsibilities arise from the Crown Entities Act 2004 and the Public Finance Act 1989.

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

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

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

For the budget information reported in the financial statements, our procedures were limited to checking that the information agreed to the Taupo Airport Authority's statement of intent expectations.

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

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

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Taupo Airport Authority's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- We evaluate the appropriateness of the reported performance information within the Taupo Airport Authority's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Taupo Airport 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 Taupo Airport 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 Board 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 Board is responsible for the other information. The other information comprises the Statement of Service Performance included on page 3 and the Chairmans Report on page 4, but does not include the financial statements, 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, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements 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 Taupo Airport Authority in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the Taupo Airport Authority.



Cameron Town

Silks Audit Chartered Accountants Limited
On behalf of the Auditor-General
Whanganui, New Zealand

**Taupo Airport Authority
Financial statements
for the year ended 30 June 2023**

Statement of Comprehensive Revenue and Expense

For the year ended 30 June 2023

	Note	TAA		
		Actual 2023 \$	SOI 2023 \$	Actual 2022 \$
Revenue				
Revenue from services provided	4	586,095	688,426	430,095
Finance revenue	5	10,138	-	3,461
Gain on sale of vehicle		-	-	12,186
Total revenue	15	596,233	688,426	445,742
Expenditure				
Personnel costs	6	264,019	196,571	222,383
Depreciation and amortisation expense	11	244,424	355,397	216,529
Loss on disposal of assets	11	99,984	-	-
Finance costs	5	9,223	1,333	-
Other expenses	6	476,348	309,046	307,373
Total operating expenditure	15	1,093,997	862,347	746,285
Operating surplus/(deficit) before tax		(497,765)	(173,921)	(300,543)
Income tax (expense)/credit		147,199	-	78,696
Operating surplus/(deficit) after tax		(350,566)	(173,921)	(221,847)
Other comprehensive income				
Property, plant & equipment revaluations		2,516,645	-	1,135,454
Deferred tax on revaluation		(704,661)	-	(13,585)
Total other comprehensive income		1,811,984	-	1,121,869
Total comprehensive income		1,461,419	(173,921)	900,022
Total comprehensive revenue and expenses attributable to:				
Taupo District Council		730,709	(86,961)	993,480
The Crown		730,709	(86,961)	(93,458)
		1,461,419	(173,921)	900,022

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

Statement of Changes in Equity

For the year ended 30 June 2023

	Note	TAA		
		Actual 2023 \$	SOI 2023 \$	Actual 2022 \$
Net Assets/Equity at start of the year	7	18,954,100	18,954,100	15,054,078
Total comprehensive revenue and expenses		1,461,419	(173,921)	900,022
Equity injections by Crown		153,663	234,000	2,750,000
Equity injections by Taupo District Council		480,000	-	250,000
Balance at 30 June	7	21,049,182	19,014,179	18,954,100

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

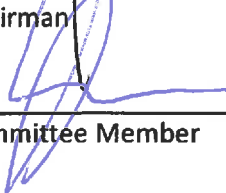
Statement of Financial Position
As at 30 June 2023

	Note	Actual 2023 \$	TAA	
			SOI 2023 \$	Actual 2022 \$
ASSETS				
Current assets				
Cash and cash equivalents	9	293,194	170,794	3,325,694
Trade and other receivables	10	77,326	840,327	136,463
Prepayments		10,597	50,000	1,130
Total current assets		381,117	1,061,121	3,463,287
Non-current assets				
Property, plant and equipment	11	23,461,250	19,825,221	17,032,990
Intangible assets	12	569	-	894
Total non-current assets		23,461,819	19,825,221	17,033,884
Total assets		23,842,936	20,886,342	20,497,171
LIABILITIES				
Current liabilities				
Trade and other payables	13	1,237,974	888,573	741,062
Employee entitlements	14	44,729	30,000	44,688
Provisions	16	3,729	3,729	3,729
Total current liabilities		1,286,432	922,302	789,479
Non-current liabilities				
Borrowings	17	200,000	200,000	-
Provisions	16	9,323	9,323	13,052
Deferred tax liabilities	7	1,298,000	740,539	740,540
Total non-current liabilities		1,507,323	949,862	753,592
Total liabilities		2,793,755	1,872,164	1,543,071
Net assets (assets minus liabilities)		21,049,182	19,014,178	18,954,100
EQUITY				
Equity interest of joint venture partners	8	12,945,248	12,545,587	12,311,585
Appropriation accounts	8	1,408,756	1,585,398	1,759,322
Asset revaluation reserve		6,695,177	4,883,193	4,883,193
Total equity		21,049,182	19,014,178	18,954,100

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



Chairman



Committee Member

Statement of Cashflows
For the year ended 30 June 2023

	Note	TAA		
		Actual 2023 \$	SOI 2023 \$	Actual 2022 \$
Cash flows from operating activities				
Receipts from customers		583,965	701,694	455,477
Finance revenue		10,138	-	3,461
Interest paid		(6,095)	(1,000)	-
Payments to suppliers		(679,253)	(589,764)	(122,839)
Payments to employees		(263,978)	(211,259)	(211,410)
Net GST refunded / (paid)		78,227	76,356	(76,356)
Net cash flow from operating activities		(276,996)	(23,973)	48,333
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment		-	-	12,186
Purchase and development of property, plant and equipment		(3,589,167)	(3,564,927)	(4,356,569)
Net cash flow from investing activities		(3,589,167)	(3,564,927)	(4,344,383)
Cash flows from financing activities				
Equity injections		633,663	234,000	3,000,000
Related party Loan		200,000	200,000	-
Net cash flow from financing activities		833,663	434,000	3,000,000
Net increase (decrease) in cash held		(3,032,500)	(3,154,900)	(1,296,050)
Add cash at start of year		3,325,694	3,325,694	4,621,744
Cash, cash equivalents, and bank overdrafts at the end of the year	8	293,194	170,794	3,325,694

The GST (net) component of cash flows from operating activities reflects the net GST paid to and received from the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes and to be consistent with the presentation basis of the other primary financial statements.

01. Statement of accounting policies for the year ended 30 June 2023

1.1 Reporting entity

The Taupo Airport Authority (TAA) is a joint venture between Taupo District Council (TDC) 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 TAA 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, TAA has designated itself a public benefit entity for the purposes of New Zealand equivalents to International Public Sector Accounting Standards (PBE IPSAS).

The financial statements of the Taupo Airport Authority are for the year ended 30 June 2023. The audited financial statements were approved by the Taupo Airport Authority Committee on 30 October 2023.

02. Summary of significant accounting policies

2.1 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 (GAAP) in New Zealand. The financial statements have been prepared in accordance with Tier 2 RDR standards as total expenses are less than \$2m. These financial statements comply with Public Sector Public Benefit Entity (PS 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 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.

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 TAA are airfield landing charges, lease revenue from leasehold sites, and carparking fees. Revenue is recognised in the period to which it relates. Payment is by credit card, EFTPOS, automatic payment or direct debit.

Summary of significant accounting policies continued

2.4 Leases

(i) Finance leases

Leases in which substantially all of the risks and rewards of ownership transfer to the lessee are classified as finance leases. At inception, finance leases are recognised as assets and liabilities on the Statement of Financial Position at the lower of the fair value of the leased property and the present value of the minimum lease payments. Any additional direct costs of the lease are added to the amount recognised as an asset. Subsequently, assets leased under a finance lease are depreciated as if the assets are owned.

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.

(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) 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

The equity of Taupo Airport Authority is made up of the following components:

- Capital contributions
- Accumulated funds
- Revaluation Reserves

Equity is the Partner'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 Authority classifies its investments as loans and receivables.

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.

2.8 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 entity 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.



Summary of significant accounting policies

2.9 Property, plant and equipment

Property, plant, and equipment consists of Land, operating assets, and infrastructural assets.

Asset classes that are not revalued are recorded at historical cost less accumulated depreciation and impairment losses. 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 entity 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 entity and the cost of the item can be reliably measured.

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 retained earnings.

Transfers

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.



Summary of significant accounting policies

Depreciation

Land is not depreciated. Depreciation has been provided on a straight-line basis on all other 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	2.5 - 64 Years	1.56% - 40.37%
Furniture and Fittings	4 - 15 Years	6.67% - 25.2%
Office Equipment and Plant and Equipment	4 - 50 Years	2.0% - 25.0%
Motor vehicles	5 Years	20%
Infrastructural assets		
Runways	3 - Indefinite Years	
Roading Network	3 - 52 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, and this 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 2022.

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. The runway and roading assets were valued at fair value by independent valuer WSP New Zealand Limited (formerly Opus Consultants Limited) at 30 June 2023. The stormwater system assets were valued at fair value by independent valuer AECOM New Zealand Limited at 30 June 2021.

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 TAA'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 on a straight line basis over the expected useful life of the website.

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

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

Summary of significant accounting policies continued

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 currently been disposed.

2.12 Financial Liabilities

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.

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.



Summary of significant accounting policies continued

2.15 Statement of Intent (SOI) or Budget figures

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

The budget figures in the Statement of Financial Position and Statement of Cashflows were calculated retrospectively.

2.16 Going Concern

The Taupo Airport Authority considers that the continued adoption of the going concern assumption for the preparation of this financial statement is appropriate. The 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.

03. Critical accounting estimates and judgements

In preparing the financial statements the TAA 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.



04. Revenue from services provided

Revenue from significant activities

Landing fees
 Terminal passenger fees
 Lease and terminal rent
 Parking fees
 Other services
Total revenue from services provided

Actual 2023 \$	Actual 2022 \$
223,244	116,420
73,633	58,788
245,234	245,072
41,162	-
2,821	9,815
586,095	430,095

05. Finance revenue and expenses

Finance revenue
 Interest revenue
Total finance revenue

Finance costs
 Interest expense
Total finance costs

Actual 2023 \$	Actual 2022 \$
10,138	3,461
10,138	3,461
9,223	-
9,223	-



06. Operating expenditure

	Actual 2023 \$	Actual 2022 \$
Employee benefit expenses		
Salaries and wages	260,213	216,683
Increase/(decrease) in employee entitlements/liabilities	41	-
Defined contribution plan employer contributions	3,765	5,700
Total employee benefit expenses	264,019	222,383
Depreciation expense (refer note 11)	244,099	216,203
Amortisation expense (refer note 12)	325	326
Total depreciation and amortisation	244,424	216,529
Audit fees for financial statements	15,863	14,206
Landside maintenance	37,255	8,740
Airside maintenance	45,897	26,331
Terminal maintenance	1,796	3,203
Other maintenance	4,162	17,119
Airfield contractors	70,158	13,021
Electricity and gas	45,504	17,305
Materials and supplies	18,988	2,298
Professional services fees/legal fees	67,191	65,787
Accountancy & business services (TDC)	12,500	12,500
Vehicle running costs	3,616	8,539
Insurances	16,282	11,553
Cleaning	16,298	23,750
Equipment hire and rental fees	29,439	7,623
Rates	17,711	15,219
Software licenses	39,013	34,471
Provision for bad debts	-	86
Other grants	-	350
Other expenses	34,676	25,272
Total other expenses	476,348	307,373

07. Income tax

	Actual 2023 \$	Actual 2022 \$
Components of tax expense/(credit)		
Current tax	-	-
Deferred tax	(147,199)	(78,696)
Tax expense/(credit)	(147,199)	(78,696)
Relationship between tax expense and accounting profit:		
Net deficit	(497,765)	(300,543)
Tax calculated at 28%	(139,374)	(84,152)
<i>Plus (Less) tax effect of:</i>		
Deferred tax adjustment	98	5,456
Non-taxable income	(7,823)	-
Tax expense/(credit)	(147,199)	(78,696)

Deferred tax liability

	Property, plant and equipment \$	Non- deductible provisions \$	Tax losses \$	Other \$	Total \$
Balance at 1 July 2021	(1,435,415)	7,180	622,583	-	(805,652)
Charged to surplus or deficit	30,406	(1,043)	49,083	251	78,697
Charged to other comprehensive income	(13,585)	-	-	-	(13,585)
Balance at 30 June 2022	(1,418,594)	6,137	671,666	251	(740,540)

	Property, plant and equipment \$	Non- deductible provisions \$	Tax losses \$	Other \$	Total \$
Balance at 1 July 2022	(1,418,594)	6,137	671,666	251	(740,540)
Charged to surplus or deficit	58,927	2,692	85,562	20	147,201
Charged to other comprehensive income	(704,661)	-	-	-	(704,661)
Balance at 30 June 2023	(2,064,328)	8,829	757,228	271	(1,298,000)



08. Equity

	Actual 2023 \$	Actual 2022 \$
(a) Equity Interest of Joint Venture Partners		
(i) Taupo District Council		
Opening balance	6,623,902	6,373,902
Capital injections	480,000	250,000
Closing balance	7,103,902	6,623,902
(ii) The Crown		
Opening balance	5,687,683	2,937,683
Capital injections	153,663	2,750,000
Closing balance	5,841,346	5,687,683
Total closing balance of equity accounts	12,945,248	12,311,585
(b) Appropriation Accounts		
(i) Taupo District Council		
Opening balance	2,204,292	2,315,215
Transfer from reserves for disposed/impaired assets	-	-
Transfer from reserves for deferred tax on revaluation	-	-
Share of net deficit	(175,283)	(110,924)
Closing balance	2,029,009	2,204,292
(ii) The Crown		
Opening balance	(444,970)	(334,046)
Transfer from reserves for disposed/impaired assets	-	-
Transfer from reserves for deferred tax on revaluation	-	-
Share of net deficit	(175,283)	(110,924)
Closing balance	(620,252)	(444,970)
Total closing balance of appropriation accounts	1,408,756	1,759,322
(c) Asset Revaluation Reserve		
Property, plant and equipment revaluation reserve		
Opening Balance	4,883,193	3,761,324
Revaluation gains/(losses)	2,516,645	1,135,454
Deferred tax on revaluation	(704,661)	(13,585)
Transfers out of reserves on disposal/impairment of property	-	-
Deferred tax on transfers out of reserves	-	-
Historic correction of deferred tax on revaluation reserves	-	-
Closing Balance	6,695,177	4,883,193
Represented by:		
Operational assets:		
Land	2,389,772	2,389,772
Buildings	82,967	82,967
Fencing	73,669	54,811
Infrastructure assets:		
Roading & streetlighting	736,941	143,710
Stormwater	86,874	67,010
Runways	3,324,954	2,144,923
Total asset revaluation reserves	6,695,177	4,883,193
Total Equity	21,049,182	18,954,100

09. Cash and cash equivalents

	Actual 2023 \$	Actual 2022 \$
Cash at bank and in hand	-	1,543
Call deposits	293,194	3,324,151
Total cash and cash equivalents used in statement of cashflows	293,194	3,325,694

Included in call deposits is the project fund for the redevelopment project of \$31 (2022: \$3,241,412).

10. Trade and other receivables

	Actual 2023 \$	Actual 2022 \$
Trade receivables	52,468	56,377
Receivables from related parties (note 15)	-	196
Other	19,944	79,890
Total current net trade and other receivables	72,412	136,463
Total debtors and other receivables from exchange transactions	52,876	63,150
Total current net trade and other receivables from non-exchange transactions	24,450	73,313
Total current net trade and other receivables	77,326	136,463

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.

Bad and doubtful trade receivables

The Airport has recognised a loss of \$ nil (2022: \$86) in respect of bad and doubtful trade receivables during the year ended 30 June 2023. The loss has been included in 'other expenses' within the surplus or deficit of the statement of comprehensive revenue and expense.

The aging of receivables as at 30 June 2023 are detailed below:

	Actual 2023 \$	Actual 2022 \$
Current	63,159	119,473
Past due 1-30 days	5,946	8,599
Past due 31-60 days	1,022	1,735
Past due 61+ days	2,285	6,656
Total Net receivables	72,412	136,463




11. Property, plant and equipment

	Operating assets				Infrastructural assets				Restricted assets	Total assets	
	Buildings	Office furniture & fittings	Motor vehicles	Work in progress	Total	Roading	Storm-water	Runways	Total		Land
As at 30 June 2023											
Cost											
Opening cost	303,258	129,646	40,954	5,380,030	5,853,888	1,427,449	185,387	4,909,104	6,521,940	5,217,000	17,592,828
Additions	7,925,842	-	-	(5,380,030)	2,545,812	1,575,647	-	134,238	1,709,885	-	4,255,897
Disposals	-	-	-	-	-	-	-	-	-	-	-
Loss on disposal	-	-	-	-	-	(99,984)	-	-	(99,984)	-	(99,984)
Revaluation	-	-	-	-	-	1,250,010	22,954	798,747	2,071,711	-	2,071,711
Closing cost	8,229,100	129,646	40,954	-	8,399,700	4,153,123	208,341	5,842,088	10,203,552	5,217,000	23,820,252
Accumulated depreciation											
Opening accumulated depreciation	(89,934)	(107,208)	(26,512)	-	(223,654)	(31,977)	(2,317)	(301,890)	(336,184)	-	(559,838)
Depreciation expense	(44,302)	(5,426)	(5,591)	-	(55,319)	(33,858)	(2,317)	(152,605)	(188,780)	-	(244,099)
Revaluation	-	-	-	-	-	51,377	4,635	388,922	444,934	-	444,934
Closing accumulated depreciation	(134,236)	(112,634)	(32,103)	-	(278,973)	(14,458)	1	(65,573)	(80,029)	-	(359,062)
Total carrying amount at 30 June 2023	8,094,864	17,012	8,851	-	8,120,727	4,138,665	208,342	5,776,516	10,123,523	5,217,000	23,481,250
As at 30 June 2022											
Cost											
Opening cost	254,741	126,366	63,998	713,236	1,158,341	1,427,449	185,387	4,899,354	6,512,190	4,036,000	11,706,531
Additions	-	3,280	-	4,666,794	4,670,074	-	-	9,750	9,750	94,063	4,773,887
Disposals	-	-	(23,044)	-	(23,044)	-	-	-	-	-	(23,044)
Revaluation	48,517	-	-	-	48,517	-	-	-	-	1,086,937	1,135,454
Closing cost	303,258	129,646	40,954	5,380,030	5,853,888	1,427,449	185,387	4,909,104	6,521,940	5,217,000	17,592,828
Accumulated depreciation											
Opening accumulated depreciation	(57,713)	(98,067)	(43,964)	-	(199,744)	(15,988)	-	(150,945)	(166,933)	-	(366,677)
Depreciation expense	(32,221)	(9,141)	(5,591)	-	(46,953)	(15,989)	(2,317)	(150,945)	(169,251)	-	(216,204)
Disposals	-	-	23,043	-	23,043	-	-	-	-	-	23,043
Closing accumulated depreciation	(89,934)	(107,208)	(26,512)	-	(223,654)	(31,977)	(2,317)	(301,890)	(336,184)	-	(559,838)
Total carrying amount at 30 June 2022	213,324	22,438	14,442	5,380,030	5,630,234	1,395,472	183,070	4,607,214	6,185,756	5,217,000	17,032,990

11. Property, plant and equipment contd.

Valuation approach

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. TAA has no such buildings .

Depreciated replacement cost is determined using a number of significant assumptions. Significant assumptions include:

- The replacement asset is based on the replacement with modern equivalent assets with adjustments where appropriate for obsolescence due to over-design or surplus capacity.
- The replacement cost is derived from recent construction contracts of similar assets and Property Institute of New Zealand cost information.
- The remaining useful life of assets is estimated.
- Straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

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.

Infrastructural asset classes: roading, stormwater and runways

Roading, stormwater and runway 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 depreciation 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.

Loss on disposal

Loss on disposal has been recognised for property, plant & equipment during the year of \$100k (writeoff old carpark assets) (2022: nil).

Leasing

TAA has no plant and equipment held under finance leases (2022: \$Nil).

Restrictions

TAA 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

	Computer Software	Capital work in progress	Total
As at 30 June 2023			
Cost			
Opening cost	11,982	-	11,982
Additions	-	-	-
Disposals	-	-	-
Impairment	-	-	-
Closing cost	11,982	-	11,982
Accumulated amortisation			
Opening accumulated amortisation	(11,088)	-	(11,088)
Amortisation expense	(325)	-	(325)
Disposals	-	-	-
Closing accumulated amortisation	(11,413)	-	(11,413)
Total carrying amount at 30 June 2023	569	-	569
As at 30 June 2022			
Cost			
Opening cost	11,982	-	11,982
Additions	-	-	-
Disposals	-	-	-
Impairment	-	-	-
Closing cost	11,982	-	11,982
Accumulated amortisation			
Opening accumulated amortisation	(10,762)	-	(10,762)
Amortisation expense	(326)	-	(326)
Disposals	-	-	-
Closing accumulated amortisation	(11,088)	-	(11,088)
Total carrying amount at 30 June 2022	894	-	894

13. Trade and other payables

	Actual 2023 \$	Actual 2022 \$
Trade payables	12,780	23,380
Trade payables to Related parties	1,092,007	211,791
Accrued expenses	59,498	57,605
Accrued expenses to Related parties	-	397,483
Revenue in advance	68,775	50,803
Total creditors and other payables	1,233,060	741,062
Total creditors and other payables from exchange transactions	1,163,323	740,166
Total creditors and other payables from non-exchange transactions	74,651	896
Total current creditors and other payables from exchange and non-exchange transactions	1,237,974	741,062

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

	Actual 2023 \$	Actual 2022 \$
Current portion		
Accrued pay	8,197	3,540
Annual leave	29,598	36,602
Lieu leave	1,238	946
Long service leave	5,696	3,600
Total current portion	44,729	44,688
Total employee entitlements	44,729	44,688

There is assumed to be no non current retirement or long service leave obligations



15. Explanation of major variances against budget

	Actual 2023 \$	SOI 2023 \$
Total revenue	596,233	688,426
Total expenditure	(1,093,997)	(862,347)
Deficit before tax	(497,765)	(173,921)
Explanations for major variations from the Statement of Intent		
Main variances in revenue against budget		
Landing and terminal passenger fees		
Mostly due to delayed completion of terminal and reset of landing fees	288,057	335,176
Carpark Revenue		
Lower Carpark revenue due to delayed commissioning	41,162	87,150
Other	267,014	266,100
	596,233	688,426
Main variances in expense against budget		
Employee benefit expenses		
Salaries and wages higher than budget	264,019	196,571
Professional services fees		
Landing charges report, OLS and topographic survey, and Taxiway assessment all not budgeted	63,479	23,300
Electricity		
Higher electricity costs in new terminal	45,504	22,340
Contractors		
Higher contractor costs in new terminal	70,158	23,546
Other maintenance		
Crack sealing repairs, repainting apron, lichen removal not budgeted	89,110	49,174
Depreciation & Impairment		
Depreciation lower than budget due to delayed commissioning of terminal building	244,424	355,398
Impairment of old carpark assets that no longer exist	99,984	-
Other	217,319	192,019
	1,093,997	862,348



16. Provisions

	Actual 2023 \$	Actual 2022 \$
Current		
Other provisions	3,729	3,729
Total current provisions	3,729	3,729
Non-current		
Other provisions	9,323	16,781
Total non-current provisions	9,323	16,781
Total provisions	13,052	20,510
Movement in other provisions is as follows:		
Opening balance at 1 July	16,781	20,510
Amounts used	(3,729)	(3,729)
Closing balance at 30 June	13,052	16,781

This amount represents the provision for a claim brought against the TAA in relation to a boundary dispute. The TAA is not disclosing any further information with regards to the nature of the obligation or the timing of the liability, to avoid prejudicing TAA's position.

17. Borrowings

	Actual 2023	Actual 2022
Non-current		
Borrowings	200,000	-
Total non-current provisions	200,000	-

TAA has a Loan Facility agreement with Taupo District Council, signed in July 2022. The purpose of the loan facility is for working capital and liquidity purposes only. The loan facility is up to \$300,000 for a term of up to 5 years. The loan is unsecured and subordinated to all other external indebtedness. Interest is payable quarterly in arrears. The interest rate is calculated as the Base rate (90 day BKBM bid rate) plus margin (lenders 2 year floating rate margin plus 0.65%).




18. 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.

Equity injections were made during the financial year of \$153,663 by the Crown (2022: \$2.75m) and \$480,000 by Taupo District Council (2022: \$0.25m).

Key management personnel

	Actual 2023	Actual 2022
Airport General Manager	1	1
Total full-time equivalent Committee Members	5	5
Total	6	6

Due to the difficulty in determining the full-time equivalent for both the Trustees and the Senior Management Team, the fulltime equivalent figure is taken as the number of persons in these roles at balance date.

19. Capital and operational commitments and operating leases

As at 30 June 2023 TAA has no capital commitments. (2022: \$165k).

Taupo District Council had entered into construction contracts on behalf of Taupo Airport Authority for the redevelopment of Taupo Airport. Currently Taupo District Council has no contractual commitments on behalf of Taupo Airport Authority. (2022: \$3.18m).

As at 30 June 2023 TAA had operating lease commitments of \$237,777 (2022: \$38,880) and no operating leases as lessee (2022: \$Nil).

Operating leases as lessor

Airport land is leased to tenants under operating leases. The majority of these leases have non-cancellable terms. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	Actual 2023 \$	Actual 2022 \$
Not later than one year	252,590	207,420
Later than one year and not later than five years	595,357	564,426
Later than five years	84,676	133,885
Total non-cancellable operating leases	932,623	905,731

No contingent rents have been recognised in the statement of comprehensive revenue and expense during the period.

20. Contingencies

As at 30 June 2023 the Airport had no contingent assets (2022: \$Nil). The following contingent liability existed as at 30 June 2023 and 2022.

In April 2021, damage was caused to an aircraft's propeller following a single aircraft incident on the taxiway at Taupo Airport. An independent safety investigation was undertaken shortly after the incident which indicated pilot error. In April 2022 TAA received a demand to reimburse the pilot the costs incurred to repair the aircraft. At this point, TAA cannot reliably determine whether a liability exists, in any case TAA has insurance coverage for this event so TAA exposure is expected to be minimal.

21. Financial instruments

Financial instrument categories

	Loans and receivables	Loans and receivables
	2023	2022
Assets	\$	\$
Cash and cash equivalent	293,194	3,325,694
Receivables	72,412	136,463
Total assets at 30 June	365,607	3,462,157
	Measured at amortised cost	Measured at amortised cost
	2023	2022
Liabilities	\$	\$
Payables and accruals	72,278	690,258
Total liabilities at 30 June	72,278	690,258

22. Events after balance date

A further \$734,000 of funding has been received in September 2023 from Ministry of Business and Innovation (MBIE), as part of a Provincial Growth Fund grant for the redevelopment of the Airport terminal, apron and carpark. This is treated as Equity injection by the partners.

There were no other subsequent events after 30 June 2023.

