

Rotorua Regional Airport Limited
Financial Statements
For the Year Ended 30 June 2021

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Rotorua Regional Airport Limited
Financial Statements Index
For the Year Ended 30 June 2021

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Rotorua Regional Airport Limited
Company Directory
As at 30 June 2021

Date of Incorporation	6 April 1990		
Company Number	386483		
IRD Number	051-834-720		
Nature of Business	Provision of Safe & Efficient Airport Services for Airline and Aircraft Operators and the Travelling Public		
Business Location	Rotorua Airport Terminal Rotorua Airport, SH30, Rotokawa, Rotorua		
Registered Office	Rotorua Airport Terminal Rotorua Airport, SH30, Rotokawa, Rotorua		
Directors	Peter Stubbs (Chairman) John Amarama Fenwick Danielle Louise Auld Mere Kerena George		
Auditors	Audit New Zealand on behalf of the Auditor-General		
Accountants	BWTL Advisory Limited, Rotorua		
Bankers	ASB Bank & Bank of New Zealand, Rotorua		
Solicitors	Holland Beckett, Rotorua		
Shareholders	Rotorua Lakes Council	28,645,000	Ordinary Shares

Rotorua Regional Airport Limited

Annual Report

For the Year Ended 30 June 2021

The Directors hereby present their Annual Report including Financial Statements of the company for the year ended 30 June 2021.

Section 211 of the Companies Act 1993 requires the following disclosures:

Principal Activities

The business of the company is the provision of safe and efficient airport services for airlines and aircraft operators and the travelling public. The nature of the company's business has not changed during the year.

Auditors

The Auditor General is appointed under Section 15 of the Public Audit Act 2001. Audit New Zealand has been appointed to provide these services. Provision for audit fee for the year was \$29,600.

Directors Holding Office During the Year

The following Directors held office as at 30 June 2021:

	Date of Appointment
Peter Stubbs (Chairman)	21/05/2014
John Amarama Fenwick	01/10/2017
Danielle Louise Auld	05/03/2020
Mere Kerena George	05/03/2020

The following Directors ceased as directors during the year:

	Date of Cessation
Anthony John Marks	25/06/2021

Directors' Remuneration

Directors' remuneration paid was as follows:

	2021	2020
Peter Stubbs (Chairman)	30,000	24,167
Stuart Alan Crosby	-	7,157
John Amarama Fenwick	15,000	12,083
Anthony John Marks	15,000	12,083
Danielle Louise Auld	15,000	4,860
Mere Kerena George	15,000	4,839
	<u>90,000</u>	<u>65,189</u>

No other benefits have been provided by the Company to a Director for services as a Director or in any other capacity. No loans have been made by the Company to a Director nor has the Company guaranteed any debts incurred by a Director.

Rotorua Regional Airport Limited
Annual Report
For the Year Ended 30 June 2021

Employee's Remuneration

The following numbers of employees, who were not directors, received remuneration and benefits which exceeded \$100,000 in value for the 2021 financial year:

\$220,000 - \$229,999	1
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Directors' Disclosures

There were entries recorded in the Register of Interests. See Note 23 of the financial statements.

No Director acquired or disposed of any interest in shares in the company.

The Board of Directors received no notices from Directors wishing to use company information received in their capacity as Directors which would not have ordinarily been available.

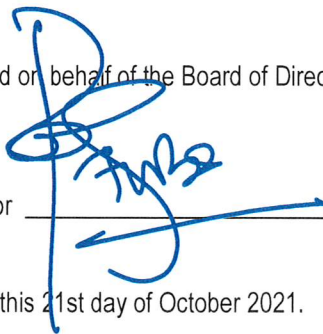
The Company paid all of the premiums on contracts insuring directors in respect of liability and costs permitted to be insured against in accordance with Section 162(5) of the Companies Act 1993.

Donations

No donations were made by the company during the year.

For and on behalf of the Board of Directors,

Director



Director



Dated this 21st day of October 2021.

Independent Auditor's Report

To the readers of Rotorua Regional Airport Limited's financial statements and performance information for the year ended 30 June 2021

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

Opinion

We have audited:

- the financial statements of the Airport Authority on pages 15 to 36, that comprise the statement of financial position as at 30 June 2021, 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 performance information of the Airport Authority on pages 8 to 13.

In our opinion:

- the financial statements of the Airport Authority on pages 15 to 36:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2021; 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 Public Benefit Entity Standards Reduced Disclosure Regime; and
- the performance information of the Airport Authority on pages 8 to 13 presents fairly, in all material respects, the Airport Authority's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Airport Authority's objectives, for the year ended 30 June 2021.

Our audit was completed on 21 October 2021. This is the date at which our opinion is expressed.

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

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 of Directors for the financial statements and the performance information

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

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

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

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

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

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

Reasonable assurance is a high level of assurance but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures

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and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements and the performance information.

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

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

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of 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 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 of Directors.
- We evaluate the appropriateness of the reported performance information within the Airport Authority's framework for reporting performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 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 of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify in our audit.

Our responsibilities arise from the Public Audit Act 2001.

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Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 3 to 6 but does not include the financial statements and 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 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 Airport Authority.



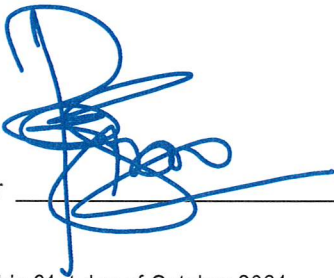

Leon Pieterse
Audit New Zealand
On behalf of the Auditor-General
Tauranga, New Zealand

Rotorua Regional Airport Limited
Statement of Management Responsibility
For the Year Ended 30 June 2021

The Directors of Rotorua Regional Airport Limited accepts responsibility for the preparation of the annual financial statements and Statement of Service Performance and the judgements used in these statements.

The Directors accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the company's financial and non-financial reporting.

In the opinion of the Directors, the annual financial statements and Statement of Service Performance for the financial year fairly reflect the financial position, operations and cash flows of the company.

Director  Director 

Dated this 21st day of October 2021.

Rotorua Regional Airport Limited

Statement of Service Performance

For the Year Ended 30 June 2021

The following is a Statement of Service Performance relating to the financial and non-financial performance measures and key objectives outlined in the Company's Statement of Intent (SOI) for the year ended 30 June 2021.

Performance Information- Non Financial

Non-financial measures	FY21 Target	FY21 Actual	Performance	FY20 Actual
Aircraft movements ⁽¹⁾	5,640	4,935		5,842
Passenger numbers ⁽²⁾	124,043	179,500		205,143
Support Rotorua Reorua ⁽³⁾				
Support Plan Change for the wider area ⁽⁴⁾				
Develop Funding Model to support non-aviation revenue ⁽⁵⁾				
Build non-aviation revenue and optimise existing assets, including unlocking the potential of the unused airport land, including development of airport precincts in line with the agreed masterplan ⁽⁶⁾				
Number of controllable safety incidents ⁽⁷⁾	0.0	0.0		0.0
Number of employee injuries (days off work) ⁽⁸⁾	1.0	1.0		0.0
Customer Service Rating ⁽⁹⁾	8.0 out of 10	Refer Note 9		Suspend

Key

 Met

 Not achieved

Note ⁽¹⁾ Aircraft movements were down significantly against forecast as a result of the closure of a significant Waikato based flight training school due to COVID-19 that utilised heavily Rotorua Airport's facilities for circuit training and landings.

Note ⁽²⁾ As a result of the direct impacts of COVID-19 aviation passenger numbers were reforecast to be significantly lower than FY20. Positively though Air NZ rebalanced their domestic schedules and with a surge in domestic tourism passenger movements recovered significantly with both the Wellington and Christchurch sectors being strong performers.

Note ⁽³⁾ RRAL is an advocate in supporting Rotorua Lakes Council's partnership with Te Arawa. The redevelopment of the Airport terminal provided an opportunity for the provision of bilingual signage and the successful restoration of carvings that have adorned the terminal building since the early 1980's.

Note ⁽⁴⁾ RRAL has strongly supported the Rotorua Eastside Community Wellness Plan te Oranga Nui - Rāwhiti Mai.

Note ⁽⁵⁾ ⁽⁶⁾ Project Performance - In November 2020 RRAL was successful in obtaining approval from RLC's Strategy Policy & Finance ('SP&F') Committee to borrow up to \$4.24m (\$3.85m + 10% contingency if required) from the LGFA to invest in five strategic initiatives. In June 2021 the first three projects obtained conditional Business case approval to advance, the remaining two projects are progressing through feasibility assessment.

Rotorua Regional Airport Limited

Statement of Service Performance

For the Year Ended 30 June 2021

Note ⁽⁷⁾ ⁽⁸⁾ RRAL has developed and had certified by the Civil Aviation Authority a Safety Management System (SMS). The purpose of RRAL's SMS is to provide a systemic approach to managing safety. RRAL's SMS is designed to:

- Manage risks within an organisation, with a particular focus on risks which impact safety;
- Provide for ongoing monitoring and assessment of safety performance;
- Make continuous improvements to the level of safety in operations; and
- Develop and improve the safety culture within an organization.

Note ⁽⁹⁾ Customer service rating – the comments box to measure customer service rating was removed as a result of COVID-19 operating constraints within the terminal. The customer service rating will move to an online system from FY22.

RRAL has developed a detailed system to manage its SMS and Health and Safety obligations. Within this Controllable Safety Incidents and Employee Injuries (days off work) are monitored;

FY19

- Number of controllable safety incidents - 0
- Number of employee injuries (days off work) - 0

FY20

- Number of controllable safety incidents - 0
- Number of employee injuries (days off work) - 0

FY21

- Number of controllable safety incidents - 0
- Number of employee injuries (days off work) – 1

Performance Information - Financial

Financial measures ⁽¹⁾	2021 Target	2021 Actual	Performance	2020 Actual
Total Revenue ⁽¹⁾	2,780,071	4,903,363		5,067,141
Total Expenses ⁽²⁾	6,055,654	6,092,323		5,492,733
Net Surplus (deficit) before tax	(3,275,583)	(1,188,960)		(\$425,592)
Capital expenditure ⁽³⁾	490,000	406,639		6,808,976
Total Borrowings ⁽⁴⁾	19,350,000	17,225,000		18,150,000
Equity at year End ⁽⁵⁾	47,666,390	58,544,407		50,646,648
Shareholders' funds to total assets ⁽⁶⁾	71%	75%		72%

Key

 Met

 Not achieved

Note ⁽¹⁾ The potential impact of Coronavirus (Covid-19) on aircraft movements, passenger movements, car parking and lease concession revenues was forecast to be significant from mid-2020 into 2021. RRAL's key Statement of Intent (SOI) assumptions were reforecast to reflect any direct and indirect impacts of this event. Better than forecast passenger movements through created upside in passenger charges, car parking and lease and concession revenues.

Rotorua Regional Airport Limited

Statement of Service Performance

For the Year Ended 30 June 2021

Note ⁽²⁾ Based on the impacts of Covid-19 RRAL considered options in relation to the deferral on non-essential capital works and the removal or deferral of non-essential operating expenses. RRAL's expenses were managed in line with budget noting that costs relating to the future of Air Traffic management Services at Rotorua were fully funded from within the budget without the need for further borrowings.

Note ⁽³⁾ Capital Expenditure costs were lower than budget due to the removal of any non-essential expenditure. Major expenditure over the period related to:

- Additions
- Furniture and Office Equipment
- Computer Equipment
- Buildings and Fitout
- Infrastructural Assets.

Note ⁽⁴⁾ RRAL has a loan with the Rotorua Lakes Council (RLC) secured under a General Security Agreement. Due to the impacts of COVID-19 no repayment was forecast within the FY21-23 Statement of Intent.

Note ⁽⁵⁾ An independent valuation of RRAL's land and buildings was performed by Telfer Young, Registered Valuers, and valuation of infrastructure Assets was performed by Beca Projects Limited to determine the fair value of RRAL's assets. The effective date of valuation was 30th June 2021. The gain on revaluation has driven a significant improvement in RRAL's year-end equity position.

Note ⁽⁶⁾ As a result of the gain on revaluation RRAL's shareholder funds to total assets position has improved.

KEY OBJECTIVES

Below is an update on each of the Company's Key Objectives for FY21 as set out in the SOI:

- **Manage health and safety risks and provide a safe environment for everyone affected by the activities of the airport including employees, customers, tenants, contractors and visitors**

RRAL has maintained full operational compliance of its mandated Pt 139 Certification and Safety Management Systems (SMS). This is an operating requirement of the Civil Aviation Authority (CAA).

A WorkSafe audit was undertaken on the 29th January 2021 to review a number of RRAL's operating systems. The audit confirmed all audited systems were compliant, no actionable issues or findings were issued.

RRAL's Business Continuity Plan (BCP) continues to operate effectively through the challenges of COVID-19. The company and staff performed exceptionally well maintaining full operating continuity facilitating a number of key medical, military and essential worker relocation flights.

Rotorua Regional Airport Limited

Statement of Service Performance

For the Year Ended 30 June 2021

Following advice from Airways around the withdrawal of Air Traffic Control (ATC) RRAL commissioned an Aeronautical Study to determine the most fit for purpose ATC option for the airport. The study was completed on the 3rd March 2021 and submitted to the Director of the CAA for determination, a decision is expected in the first quarter of FY22.

- **Develop a commercial network that best meets the needs of the residents and businesses in the region**

Rotorua's key passenger sectors (Auckland, Wellington and Christchurch) all showed positive performance over FY21 despite the challenges COVID imposed on domestic travel. As at 30th June 2021, we had facilitated 179,500 passenger movements for the preceding twelve (12 months).

As we re-emerge from the challenges of COVID our focus remains on supporting growth across these networks and growing services over time to cater for the Rotorua community, business and tourism sectors and in doing so further positioning Rotorua as the key Central North Island Airport Hub.

- **Redevelop the original terminal, taking the opportunity to showcase the best of what Rotorua has to offer**

The original terminal was constructed in the mid 1960's. Investigations concluded that the structure required a significant upgrade to meet current legislative standards around seismic rating and capacity for departures and arrivals areas occupied in times of peak traveller demand.

The completed new terminal is designed to provide a safe and efficient facility for travellers and businesses operating across the building. It showcases Rotorua and provides a place our community can be proud of. Terrace Airside and the Business Hub underpin the expanded customer offerings.

- **Continue the terminal development, taking the opportunity to showcase the best of what Rotorua has to offer, and the Fire Station.**

RRAL has continued to enhance the terminal facilities, key projects completed over the period included:

- Opening of a Business Hub;
- Completion of a full bilingual project across all terminal wayfinding signage;
- Completion of a Port of First Arrival facility;
- Opening of a Parents Room – The Karamuramu Room;
- Opening of a Meeting Room – The Mokoia Room;
- The renaming of the main airport entry road – Waikawa Crescent;
- The restoration, refitting and blessing of the Airport terminal carvings.



Rotorua Regional Airport Limited

Statement of Service Performance

For the Year Ended 30 June 2021

- **Engage the community and staff by being welcoming and ensuring the airport is an asset that they can be proud of**

RRAL has maintained and enhanced connections with its community over the last twelve (12) months. Key initiatives have included:

- The publication of Haere Mai magazine in Spring and Autumn 2021;
- Hosted a sponsors event for Ride the Runway;
- Hosted Ride the Runway with circa 1000 event registrations;
- Hosted a number of community groups at the Airport, providing demonstrations of our emergency response capability; and
- Hosted Operation 'WiseOwl' with the NZ Airforce during the period 17th to the 28th May 2021.

In April 2021 the Rotorua Airport terminal redevelopment was named as a finalist in the 2021 Property Council of New Zealand Awards.

- **Manage and maintain business-critical infrastructure, services and facilities for all users of the Airport**

Annual noise monitoring and a detailed survey of the airport's flight paths has been successfully completed over the course of last year. RRAL will proactively continue to work with Rotorua Lakes Council (RLC) and the broader community to ensure airport operations are undertaken within agreed legislative requirements.

Further works have been undertaken within the airport to maintain taxiway and runway surfaces with significant crack / joint sealing works completed.

Completed and submitted an aeronautical study for ATC services, submitted to CAA in early 2021 for consideration.

Completed the landside annual works programme, including forecourt resurfacing.

- **Build non-aviation revenue and optimise existing assets, including unlocking the potential of the unused airport land**

RRAL has advanced a number of key development initiatives within the last twelve (12) months, these include;

- Precinct A - General Airport Business and Heliport Precinct
- Phase 1 Development Business case approved;
 - Jet facilities – Fixed Base Operations (FBO) feasibility advanced

- Precinct B - General Aviation Hangars
- Phase 1 Development Business case approved;
 - Phase 1 Fire and Operations training facilities approved

- Terminal
- Enhanced Retail facilities – feasibility advanced.

Rotorua Regional Airport Limited

Statement of Service Performance

For the Year Ended 30 June 2021

The successful completion of these developments will enable RRAL to move towards a position of self-funding through generation of revenue streams from its strategic land holdings.

- **Support the wider plan change for the area surrounding the Rotorua Regional Airport.**

RRAL has strongly supported the Rotorua Eastside Community Wellness Plan te Oranga Nui - Rāwhiti Mai. This process was a two-year collaboration between Council, Eastside hapū, Tatau Pounamu, the community and key contributors (Waka Kotahi NZ Transport Agency, Toi Moana Bay of Plenty Regional Council, Rotorua Airport, Ministry of Education, Ngāti Whakaue Tribal Lands Inc) has resulted in an aspirational plan to create a brighter future for Eastside mokopuna.

RRAL has proactively supported growth initiatives across our region that will positively impact on growth and generate positive outcomes for the airport. This support includes working with adjoining landowners and Destination Rotorua to optimise the opportunities around the future development potential of the area.

- **Be advocates for achieving wider wellbeing outcomes (Social, Cultural, Economic) through planned economic investment, and incorporating procurement practices, aligned with any changes in Council's procurement policy when completed**

RRAL has advocated and collaborated extensively on the Rotorua Eastside Community Wellness Plan te Oranga Nui - Rāwhiti Mai. RRAL has collaborated on Council's spatial planning, structural planning, and master planning in the potential development of the surrounding area.

- **Support Rotorua Lakes Council partnership with Te Arawa by working with the broader Te Arawa stakeholders, especially mana whenua from within the Rotorua Regional Airport area. The redevelopment of the terminal is a key opportunity to include bilingual signage and to represent Te Arawa stories and values.**

RRAL has taken advantage opportunity presented to it through terminal redevelopment to convey our manaakitanga to our community and customers. Te Reo signage has been adopted across the building as well as the Emergency Operations Centre.



Rotorua Regional Airport Limited

Statement of Service Performance

For the Year Ended 30 June 2021

COVID-19 Disclosure

Covid-19 has had a significant impact on the operations and financial performance of RRAL. As a Lifeline Utility and of key local and regional infrastructural significance, Rotorua Airport has maintained full operational capability throughout the COVID-19 event and across alert level escalation and de-escalation. The following specific disclosures are made:

- Throughout the COVID-19 event and across alert level escalation and de-escalation, Rotorua Airport has maintained full operational continuity;
- RRAL fully adapted to the challenges of COVID-19 on its people and business. Where required staff adapted to working under the constraints and restrictions of our Business Continuity Plan (BCP);
- RRAL met and embraced Ministry of Health and Ministry of Transport guidance and mandatory requirements around operations and staff and passenger safety;
- RRAL maintained its full organisational structure (14 full time employees). Where required split shifts, staff isolation and revised ways of working were adopted to ensure we maintained a safe working environment preserving airport operational continuity; and
- All performance indicators as noted under RRAL's SOI were maintained and reported against through the event.



Rotorua Regional Airport Limited
Statement of Comprehensive Revenue & Expense
For the Year Ended 30 June 2021

	Note	2021	2020
REVENUE			
Operating revenue	3	4,903,281	5,064,157
Other revenue	4	82	2,984
TOTAL REVENUE		4,903,363	5,067,141
EXPENSES			
Operating expenses	5	1,579,864	1,125,283
Depreciation, amortisation & impairment charges	11,12	2,500,629	2,351,581
Directors' fees		90,000	65,189
Finance expense		588,132	565,990
Other expenses	6	1,333,698	1,384,690
TOTAL EXPENSES		6,092,323	5,492,733
SURPLUS (DEFICIT) BEFORE TAX		(1,188,960)	(425,592)
Income tax expense	10	(480,769)	(104,419)
SURPLUS (DEFICIT) AFTER TAX		(708,191)	(321,173)
OTHER COMPREHENSIVE REVENUE & EXPENSE			
<i>Items that will not be reclassified to surplus (deficit)</i>			
Gain on revaluation of property, plant & equipment	16c,11	9,532,005	-
Income tax relating to gain on revaluation	16c,11	(926,055)	-
TOTAL COMPREHENSIVE REVENUE & EXPENSE		7,897,759	(321,173)

The accompanying notes form part of these financial statements.

Rotorua Regional Airport Limited
Statement of Changes in Equity
For the Year Ended 30 June 2021

	Note	2021	2020
EQUITY AT START OF YEAR		50,646,648	50,967,821
Total comprehensive revenue & expense for the year		7,897,759	(321,173)
EQUITY AT END OF YEAR		58,544,407	50,646,648

The accompanying notes form part of these financial statements.

Rotorua Regional Airport Limited
Statement of Financial Position
As at 30 June 2021

	Note	2021	2020
CURRENT ASSETS			
Cash and cash equivalents	9	188,053	115,218
Receivables from exchange transactions	17	162,483	52,371
Other receivables	17	29,594	42,860
Prepayments		73,962	58,298
TOTAL CURRENT ASSETS		454,092	268,747
NON-CURRENT ASSETS			
Property, plant & equipment	11	77,595,511	70,164,117
Intangible assets	12	12,141	5,520
TOTAL NON-CURRENT ASSETS		77,607,652	70,169,637
TOTAL ASSETS		78,061,744	70,438,384
CURRENT LIABILITIES			
Payables under exchange transactions	18	745,592	592,737
Other payables	18	133,982	66,317
Income and rent in advance		13,990	34,022
Employee entitlements	19	61,570	56,763
TOTAL CURRENT LIABILITIES		955,134	749,819
NON-CURRENT LIABILITIES			
Borrowings	22	17,225,000	18,150,000
Deferred tax liabilities	10	1,337,203	891,917
TOTAL NON-CURRENT LIABILITIES		18,562,203	19,041,917
TOTAL LIABILITIES		19,517,337	19,791,736
NET ASSETS		58,544,407	50,646,648
EQUITY			
Share capital	16(a)	28,645,000	28,645,000
Retained earnings	16(b)	1,655,514	2,363,705
Asset revaluation reserve	16(c)	28,243,893	19,637,943
TOTAL EQUITY		58,544,407	50,646,648

The Board of Directors of Rotorua Regional Airport Limited authorised these financial statements for issue on 21 October 2021.

The accompanying notes form part of these financial statements.

Rotorua Regional Airport Limited
Statement of Cashflows
For the Year Ended 30 June 2021

	Note	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was received from:			
Receipts from customers		4,787,519	5,243,219
Interest received		82	2,984
Income tax refund		-	23,642
Goods and services tax (net)		71,731	165,556
		4,859,332	5,435,401
Cash was paid to:			
Payments to suppliers and employees		2,852,976	2,409,644
Goods and services tax (net)		-	-
Income tax payment		23	-
Interest paid		552,859	555,363
		3,405,858	2,965,007
Net cash flow from operating activities	8	1,453,474	2,470,394
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was received from:			
Proceeds from sale of property, plant and equipment		-	870
		-	870
Cash was paid to:			
Purchase of property, plant and equipment		455,639	7,193,414
		455,639	7,193,414
Net cash flow from investing activities		(455,639)	(7,192,544)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was received from:			
Proceeds from borrowings		-	3,750,000
		-	3,750,000
Cash was paid to:			
Repayment of borrowings		925,000	722
		925,000	722
Net cash flow from financing activities		(925,000)	3,749,278
Net increase (decrease) in cash and cash equivalents		72,835	(972,872)
Cash and cash equivalents at the beginning of the year		115,218	1,088,090
Cash and cash equivalents at the end of year	9	188,053	115,218

The GST (net) component of the 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 other primary financial statements.

The accompanying notes form part of these financial statements.

Rotorua Regional Airport Limited

Notes to the Financial Statements

For the Year Ended 30 June 2021

STATEMENT OF ACCOUNTING POLICIES

1. REPORTING ENTITY

Rotorua Regional Airport Limited ('the Company') is a limited liability company incorporated in New Zealand under the Companies Act 1993 and is domiciled in New Zealand. The Company is fully owned by the Rotorua Lakes Council and is a Council Controlled Organisation as defined under section 6 of the Local Government Act 2002.

The Company has designated itself as a public benefit entity (PBE) for financial reporting purposes.

The financial statements of the Company are for the year ended 30 June 2021. The financial statements were authorised for issue by the directors on 21 October 2021.

2. BASIS OF PREPARATION

The financial statements have been prepared on the going concern basis.

Statement of compliance

The Company is a reporting entity for the purposes of the Financial Reporting Act 1993. These financial statements comply with the Financial Reporting Act 1993, the Companies Act 1993, and Section 69 of the Local Government Act 2002, which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

These financial statements have been prepared in accordance with Tier 2 PBE accounting standards.

The entity is eligible and has elected to report in accordance with Tier 2 PBE Standards RDR on the basis that the entity has no public accountability and has expenses >\$2m and ≤ \$30m.

These financial statements comply with PBE standards.

Measurement base

The financial statements have been prepared on a historical cost basis, modified by the revaluation of land and buildings, and infrastructure assets.

Functional and presentation currency

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

Changes in accounting policies

There have been no changes in the Company's accounting policies since the date of the last audited financial statements.

Rotorua Regional Airport Limited

Notes to the Financial Statements

For the Year Ended 30 June 2021

SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies which materially affect the measurement of financial results and financial position have been adopted in the preparation of the financial statements.

(a) **Revenue**

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

Revenue from non-exchange transactions

Service funding from Rotorua Lakes Council is recognised as revenue when it becomes receivable.

Revenue from exchange transactions

Operating revenue is recognised when earned.

Lease income is recognised on an accrual basis with reference to the leases and rental agreements in force at balance date, with adjustment for rent paid in advance.

Interest income is recognised using the effective interest method.

(b) **Borrowings & borrowing costs**

Borrowings are initially recognised at their fair value plus transaction costs. After initial recognition, all borrowings are measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

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

(c) **Trade debtors and other receivables**

Trade debtors and other receivables are recognised at their face value less any provision for doubtful debts.

Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off.

(d) **Trade creditors and other payables**

Trade creditors and other payables are stated at cost which is the fair value of the consideration to be paid in the future for goods or services received, whether or not billed.

(e) **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand and call deposits. Bank overdrafts that are repayable on demand and form part of the Company's cash management are included for the purposes of the statement of cash flows.

(f) **Employee Entitlements**

Liabilities for accumulating short-term entitlements are measured at nominal value based on unused entitlement accumulated at current rate of pay at balance date.

Rotorua Regional Airport Limited

Notes to the Financial Statements

For the Year Ended 30 June 2021

(g) **Goods & Services Tax**

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

(h) **Income Tax**

Income tax expense includes components relating to both current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by balance date.

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

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

Deferred tax liabilities are generally recognised for all taxable temporary differences.

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

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

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

Rotorua Regional Airport Limited

Notes to the Financial Statements

For the Year Ended 30 June 2021

(i) **Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, the sacrifice of economic benefits is probable and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at balance date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

(j) **Property, Plant & Equipment**

Property Plant and Equipment consists of:

Operational Assets

These assets include land, buildings & fit-out, furniture and office equipment, computer equipment, motor vehicles and various plant and equipment.

The Company owns a number of residential properties as a land bank to cover possible future expansion of the runway and safety areas. The receipt of market-based rental from these properties is incidental to this purpose. The properties are held for service delivery objectives as part of the Airport's overall operating strategy. The properties are therefore accounted for as property, plant, and equipment rather than investment property.

Infrastructure Assets

These assets include runways, aprons, taxiways, surround security fences, other paved areas (pavements, car parks & roads) and underground reticulated systems.

Measurement

Property plant and equipment are measured at cost less accumulated depreciation and impairment losses with the following exception:

- Land is measured at fair value
- Buildings and infrastructure assets are measured at fair value less accumulated depreciation and impairment losses.

Revaluations

Land, buildings and infrastructure assets are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and are revalued at least every five years. The carrying values of revalued items are reviewed at each balance date to ensure that those values are not materially different to fair value. If there is a material difference, then the off-cycle asset classes are revalued.

Rotorua Regional Airport Limited

Notes to the Financial Statements

For the Year Ended 30 June 2021

Accounting for Revaluations

The Company accounts for revaluations on a class of assets basis.

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

Additions

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

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

Disposal

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

When revalued assets are sold, the amount included in revaluation reserve in respect to those assets is transferred to retained earnings.

Subsequent costs

Costs incurred subsequent to initial recognition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Company and the cost of the item can be measured reliably.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment at rates that will write-off the cost 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:

Infrastructure assets

Runway, Taxiways, Aprons	7-77 years
Other Paved Areas	10 years
Surround Security Fences	7 years

Operational assets

Buildings and Fit-out	2-80 years
Motor Vehicles	5-25 years
Furniture & Office Equipment	10 years
Computer Equipment	4 years
Plant & Equipment	4-10 years

Rotorua Regional Airport Limited

Notes to the Financial Statements

For the Year Ended 30 June 2021

(k) **Impairment**

At each reporting date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and an impairment loss is recognised in the statement of comprehensive revenue and expense. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use for non-cash generating assets

Non-cash generating assets are those assets that are not held with the primary objective of generating a commercial return. For non-cash generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

Value in use for cash generating assets

Cash generating assets are those assets that are held with the primary objective of generating a commercial return. The value in use for cash generating assets and cash generating units is the present value of expected future cash flows.

(l) **Intangible assets**

Intangible assets are stated at cost less accumulated amortisation and impairment losses.

The carrying amount of an intangible asset with a finite life is amortised on a straight-line basis over its useful life.

Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the statement of comprehensive revenue and expense.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Computer Software	4 years	25%SL
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(m) **Critical accounting estimates and assumptions**

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

Rotorua Regional Airport Limited

Notes to the Financial Statements

For the Year Ended 30 June 2021

The estimates and assumptions that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Useful lives of property, plant and equipment

At balance date, the Company reviews the useful life of its buildings and infrastructure assets. Assessing the appropriateness of useful life and residual value estimates requires the Company to consider a number of factors, such as the physical condition of the assets, expected period of use of the assets by the Company, and expected disposal proceeds from the future sale of the assets. An incorrect estimate of the useful life will impact on the depreciation expense recognised in the profit and loss, and the carrying amount of the assets in the statement of financial position. The Company will minimise the risk of this estimation uncertainty by physical inspections of assets, and asset replacement programmes in line with useful life expectations.

Impairment of property, plant and equipment and intangible assets

The Company performs impairment testing with respect to its property, plant and equipment and intangible assets. In determining whether impairment exists, there is no impairment if the carrying value of an asset exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

The fair value less cost of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset.

The value in use calculation for cash generating assets is based on a discounted cash flow model. The cash flows are derived from the forecasted cashflows. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows.

Estimating the fair value of land and buildings and infrastructure assets

Land, being airport land and other land, has been assessed based upon potential use, location, size and services provided. Fair values of land are based upon the highest and best use principle which may not be necessarily the existing use. Highest and best use in relation to the valuation is the most probable use of the land which is physically possible, appropriately justified, legally permissible, financially feasible and which results in the highest value of the asset being valued. To establish an appropriate market value for the airport land, comparable sales evidence has been analysed to establish current market buying price for the land in its highest and best alternative use. Having established base land value rates, adjustments have been made to reflect location, scale, designation and resource management issues. Other land has been assessed at fair value using fair market, highest and best use basis determined from prevailing land sales with adjustments made for future potential as industrial.

Aeronautical specialised buildings and infrastructure assets have been assessed at fair value using Optimised Depreciated Replacement Cost approach (ODRC). The ODRC approach uses the minimum cost of replacing or replicating the service potential embodied in the assets with modern equivalent assets in the most efficient was practical given the service requirements, the age and condition of the existing assets and replacement in the normal course of business. Non-aeronautical buildings have been assessed at fair value using both ODRC approach and Direct Capitalisation approach. The Direct Capitalisation approach is based on market derived cash flows for the buildings and an applied investment yield. For any non-aeronautical buildings that cannot be legally or physically separated from the main airport campus, reliance has been placed on the ODRC approach to determine its fair value.

Residential buildings have been assessed at fair value using fair market, highest and best use basis determined from prevailing land sales with adjustments made for future potential as industrial.

Rotorua Regional Airport Limited
Notes to the Financial Statements
For the Year Ended 30 June 2021

3. OPERATING REVENUE

	2021	2020
Exchange revenue		
Landing Charges	1,178,268	1,314,929
Lease Rental	318,642	298,273
Parking Revenue	691,593	589,178
Other Operating Revenue	143,632	122,625
Non-exchange revenue		
Rotorua Lakes Council Service Funding	2,535,202	2,663,580
MSD Covid19 Wage Subsidy	35,944	75,572
Total Operating Revenue	4,903,281	5,064,157

4. OTHER REVENUE

	2021	2020
Interest Received	82	2,984
Total Other Revenue	82	2,984

5. OPERATING EXPENSES

	2021	2020
Customs & MAF Services	-	298
Rental Property Expenses	29,622	23,770
Runway/Taxiway/Apron Expenses	983,647	696,784
Surrounds Expenses	257,642	162,233
Terminal Expenses	308,953	242,198
Total Operating Expenses	1,579,864	1,125,283

Personnel costs of \$584,651 (2020: \$537,802) are included in the above operating expenses.

6. OTHER EXPENSES

	2021	2020
Audit NZ Fees – for audit of financial statements	29,600	28,200
Audit NZ Fees – for other services	-	5,460
Land Rates	98,511	93,907
Other Expenses	1,205,587	1,257,123
Total Other Expenses	1,333,698	1,384,690

Personnel costs of \$456,275 (2020: \$433,108) are included in the above other expenses.

Rotorua Regional Airport Limited
Notes to the Financial Statements
For the Year Ended 30 June 2021

7. CATEGORIES OF FINANCIAL INSTRUMENTS

The carrying amounts of financial instruments in each of the financial instrument categories are as follows:

	2021	2020
Loans and receivables		
Cash and cash equivalents	188,053	115,218
Trade and other receivables (excluding taxes receivable)	162,484	52,371
Total Loans and Receivables	350,537	167,589
Financial liabilities at amortised cost		
Trade and other payables (excluding taxes payable)	782,579	634,522
Borrowings	17,225,000	18,150,000
Total Financial Liabilities at Amortised Cost	18,007,579	18,784,522

Trade and other receivables of \$162,484 have been pledged as security for loans under a general security agreement with Rotorua Lakes Council (2020: \$52,371). The first ranking security interest over trade and other receivables takes effect as a transfer to Rotorua Lakes Council in the events of default by the Company.

8. RECONCILIATION OF NET SURPLUS/(DEFICIT) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2021	2020
Net operating surplus (deficit)	(708,191)	(321,173)
Add non-cash items		
Depreciation, amortisation & impairment losses	2,500,629	2,351,581
Deferred tax	(480,769)	(104,419)
	2,019,860	2,247,162
Add (less) movements in working capital items		
Employee entitlements	4,807	2,386
Trade and other receivables	(125,800)	216,080
Trade and other payables	262,798	254,601
	141,805	473,067
Add (less) items classified as investing or financing activities		
(Gains)/losses on the disposal of property, plant and equipment	-	71,338
Net cash flows from operating activities	1,453,474	2,470,394

The trade creditors and other payables movement does not agree with the face of the statement of financial position due to the exclusion of this year's fixed asset payable of \$49,000. (2020: \$384,438)

Rotorua Regional Airport Limited
Notes to the Financial Statements
For the Year Ended 30 June 2021

9. CASH & CASH EQUIVALENTS

	2021	2020
Cash at bank	185,193	112,432
Cash on hand	2,860	2,786
Net cash & cash equivalents	188,053	115,218

10. INCOME TAX

	2021	2020
Components of tax expense		
Current tax expense	-	-
Deferred tax expense	(480,769)	(104,419)
Tax expense	(480,769)	(104,419)

Relationship between tax expense and accounting profit

Surplus (deficit) before tax	(1,188,960)	(425,592)
Tax at 28% (2020: 28%)	(332,908)	(119,166)
Non-deductible expenditure	7,764	6,093
Group loss offset	-	(91,342)
Deferred tax adjustment	(155,625)	99,996
Tax expense	(480,769)	(104,419)

Deferred tax asset (liability)

	Property, plant and equipment	Employee entitlements	Other provisions	Tax losses	Total
Balance at 30 June 2019	(1,026,896)	15,226	15,334	-	(996,336)
Charged to surplus or deficit	99,627	668	4,124	-	104,419
Charged to other comprehensive income	-	-	-	-	-
Balance at 30 June 2020	(927,269)	15,894	19,458	-	(891,917)
Charged to surplus or deficit	284,777	6,946	13,884	175,162	480,769
Charged to other comprehensive income	(926,055)	-	-	-	(926,055)
Balance at 30 June 2021	(1,568,547)	22,840	33,342	175,162	(1,337,203)

Rotorua Regional Airport Limited
Notes to the Financial Statements
For the Year Ended 30 June 2021

11. PROPERTY, PLANT & EQUIPMENT

	Plant and Equipment	Motor Vehicles	Furniture and Office Equipment	Computer Equipment	Land	Buildings & Fit-out	Infrastructure Assets	Total
Cost								
Balance 1 July 2019	1,231,677	711,055	153,442	84,220	24,005,000	15,850,181	25,594,700	67,630,275
Elimination on Revaluation	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-
Additions	87,636	987,464	111,850	4,645	730,336	4,866,399	17,812	6,806,142
Disposals	(30,287)	(696)	(20,307)	-	-	(394,172)	-	(445,462)
Balance 30 June 2020	1,289,026	1,697,823	244,985	88,865	24,735,336	20,322,408	25,612,512	73,990,955
Balance 1 July 2020	1,289,026	1,697,823	244,985	88,865	24,735,336	20,322,408	25,612,512	73,990,955
Elimination on Revaluation	-	-	-	-	-	(894,567)	(3,649,010)	(4,543,577)
Revaluation	-	-	-	-	6,224,664	(2,449,443)	5,756,784	9,532,005
Additions	105,076	-	4,313	10,265	-	254,037	22,948	396,639
Disposals	-	-	-	-	-	-	-	-
Balance 30 June 2021	1,394,102	1,697,823	249,298	99,130	30,960,000	17,232,435	27,743,234	79,376,022
Accumulated Depreciation and Impairment Losses								
Balance at 1 July 2019	937,297	372,439	132,188	71,890	-	336,003	-	1,849,817
Elimination on Revaluation	-	-	-	-	-	-	-	-
Depreciation Expense	68,384	62,178	5,617	5,637	-	384,177	1,824,282	2,350,275
Impairment Losses	-	-	-	-	-	-	-	-
Disposals	(18,217)	(426)	(18,608)	-	-	(336,003)	-	(373,254)
Balance at 30 June 2020	987,464	434,191	119,197	77,527	-	384,177	1,824,282	3,826,838
Balance at 1 July 2020	987,464	434,191	119,197	77,527	-	384,177	1,824,282	3,826,838
Elimination on Revaluation	-	-	-	-	-	(894,567)	(3,649,010)	(4,543,577)
Depreciation Expense	67,483	73,856	13,751	7,042	-	510,390	1,824,728	2,497,250
Impairment Losses	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Balance at 30 June 2021	1,054,947	508,047	132,948	84,569	-	-	-	1,780,511
Carrying Amounts								
At 1 July 2019	294,380	338,616	21,254	12,330	24,005,000	15,514,178	25,594,700	65,780,458
At 30 June and 1 July 2020	301,562	1,263,632	125,778	11,338	24,735,336	19,938,231	23,788,230	70,164,117
At 30 June 2021	339,155	1,189,776	116,350	14,561	30,960,000	17,232,435	27,743,234	77,595,511

The carrying amount of property, plant and equipment of \$77,595,511 has been pledged as security for loans under a general security agreement with Rotorua Lakes Council.

An independent valuation of the Company's land and buildings was performed by Telfer Young, Registered Valuer, and valuation of infrastructure assets was performed by Beca Projects NZ Limited to determine the fair value of the assets. The effective date of the valuation was 30 June 2021. The revaluation surplus net of deferred tax of \$8,605,950 has been credited to other comprehensive income.

Rotorua Regional Airport Limited
Notes to the Financial Statements
For the Year Ended 30 June 2021

12. INTANGIBLE ASSETS

	Acquired Software	Total
Cost		
Balance 1 July 2019	101,478	101,478
Additions	2,833	2,833
Disposals	(5,098)	(5,098)
Balance 30 June 2020	99,213	99,213
Balance 1 July 2020	99,213	99,213
Additions	10,000	10,000
Disposals	-	-
Balance 30 June 2021	109,213	109,213
Accumulated Amortisation and Impairment Losses		
Balance at 1 July 2019	97,485	97,485
Amortisation Expense	1,306	1,306
Impairment Losses	-	-
Disposals	(5,098)	(5,098)
Balance at 30 June 2020	93,693	93,693
Balance at 1 July 2020	93,693	93,693
Amortisation Expense	3,379	3,379
Impairment Losses	-	-
Disposals	-	-
Balance at 30 June 2021	97,072	97,072
Carrying Amounts		
At 1 July 2019	3,993	3,993
At 30 June and 1 July 2020	5,520	5,520
At 30 June 2021	12,141	12,141

13. CAPITAL EXPENDITURE COMMITMENTS

	2021	2020
Capital commitments		
Property, Plant & Equipment	78,837	9,149
Total Capital Commitments	78,837	9,149

Capital commitments represent capital expenditure contracted for at balance date but not yet incurred.

14. CONTINGENT ASSETS & LIABILITIES

(a) Contingent Assets

The Company has no contingent assets (30 June 2020: nil).

(b) Contingent Liabilities

The Company has no contingent liabilities (30 June 2020: nil).

Rotorua Regional Airport Limited
Notes to the Financial Statements
For the Year Ended 30 June 2021

15. OPERATING LEASE COMMITMENTS

(a) Operating lease as lessee

Height protection lease commitment

Kahikatea trees to the north of the runway threaten compliance with the Civil Aviation Act, therefore a lease payment is paid to Ngati Rangiteaorere Kahikatea Trust to ensure the trees are maintained to the required height protection level ensuring the Airport complies with the Civil Aviation Act. Future minimum lease payments are as follows:

	2021	2020
Less than 1 year	30,000	60,000
Between 1 and 5 years	-	30,000
Over 5 years	-	-

(b) Operating lease as lessor

The Company has operating lease agreements with lessees of the terminal and other land and buildings of the airport with expiry dates ranging from 1 to 32 years including options to further extend terms under the individual lease agreements. Market rent reviews are carried out annually and are based on annual increases in the Consumer Price Index (All Group). The lessees do not have option to purchase the properties at the expiry of the lease period.

Contingent rents of \$9,394 have been recognised during the year. (2020: \$22,546)

16. SHAREHOLDERS' EQUITY

(a) Share Capital

	2021		2020	
	# of shares	Carrying value	# of shares	Carrying value
Issued Ordinary shares				
Opening balance	28,645,000	28,645,000	28,645,000	28,645,000
Ordinary shares issued in the year	-	-	-	-
Closing balance	28,645,000	28,645,000	28,645,000	28,645,000

The number of shares authorised at balance date were 28,645,000 shares. All issued ordinary shares are fully paid and have a par value of \$1 per share. Fully paid ordinary shares have full voting rights and participate fully in all dividends and proceeds upon winding up of the Company.

Rotorua Regional Airport Limited
Notes to the Financial Statements
For the Year Ended 30 June 2021

(b) **Retained Earnings**

	2021	2020
Retained Earnings opening balance	2,363,705	2,684,878
Net Surplus (Deficit) after tax	(708,191)	(321,173)
Retained Earnings Closing Balance	1,655,514	2,363,705

(c) **Asset revaluation reserve**

	2021	2020
Opening balance	19,637,943	19,637,943
Revaluation gain (loss)	9,532,005	-
Deferred tax on movement	(926,055)	-
Closing balance	28,243,893	19,637,943

Asset revaluation reserve consists of:

	2021	2020
Land	23,074,846	16,850,182
Buildings and fitouts	405,365	2,168,964
Infrastructure assets	4,763,682	618,797
Closing balance	28,243,893	19,637,943

17. TRADE AND OTHER RECEIVABLES

	2021	2020
Receivables from exchange transactions		
Trade debtors	162,483	52,371
	162,483	52,371
Other receivables		
Income tax refund due	29,594	29,571
GST refund due	-	13,289
	29,594	42,860
Total Trade and Other Receivables	192,077	95,231

Receivables are generally short-term and non-interest bearing. Therefore, the carrying value of receivables approximates their fair value.

Rotorua Regional Airport Limited
Notes to the Financial Statements
For the Year Ended 30 June 2021

18. TRADE AND OTHER PAYABLES

	2021	2020
Payables from exchange transactions		
Trade creditors	623,645	523,244
Year-end accruals	121,947	69,493
	745,592	592,737
Other payables		
Related party payables	36,988	41,785
FBT payable	1,348	1,348
GST payable	68,723	-
PAYE payable	26,923	23,184
	133,982	66,317
Total Trade and Other Payables	879,574	659,054

Creditors and other payables are non-interest bearing and are normally settled on 30-day terms. Therefore, the carrying values of creditors and other payables approximate their fair value.

19. EMPLOYEE ENTITLEMENTS

	2021	2020
Annual leave	51,616	47,825
Alternative leave	9,954	8,938
Total Employee Entitlements	61,570	56,763

20. SIGNIFICANT EVENTS AFTER BALANCE DATE

Due to the return COVID-19 community transmission, the New Zealand Government has re-introduced lockdown and travel restrictions on 18 August 2021. The restricted domestic travel will continue to impact the operations of Rotorua Regional Airport in the 2022 financial year.

Notwithstanding the impact of COVID-19, the directors are of the view that the Company's business fundamentals remain strong. Current bank funding facility and funding from Rotorua Lakes Council remain in place to mitigate any adverse financial impact from COVID-19.

There were no other significant events after balance date.

Rotorua Regional Airport Limited
Notes to the Financial Statements
For the Year Ended 30 June 2021

21. REPORTING AGAINST FINANCIAL FORECAST AS SET OUT IN SOI

	2021 Target	2021 Actual	Variance
Total revenue	2,780,071	4,903,363	(2,123,292)
Total expenses	6,055,654	6,092,323	(36,669)
Net surplus (deficit) before tax	(3,275,583)	(1,188,960)	(2,086,623)

Explanation of major variances against financial forecast

- 1) Refer to pages 8 & 9 of the Statement of Service Performance for explanation of variances against financial forecast for the following profit or loss items:

Total Revenue & Total Expenses
 Net surplus (deficit) before tax

22. BORROWINGS

	2021	2020
Current portion		
Borrowing – Bank of New Zealand	-	-
Non-current portion		
Borrowing – Rotorua Lakes Council	14,400,000	14,400,000
Borrowing – Bank of New Zealand	2,825,000	3,750,000
Total Borrowings	17,225,000	18,150,000

The loan from Rotorua Lakes Council is secured by a General Security Agreement. The average interest rate on the loan at balance date was 2.95% plus a margin of 25 basis points (bps).

The Company has a Customised Average Rate Loan (CARL) from BNZ Bank of up to \$4,400,000 that matures on 16 August 2023. This facility is unsecured with a floating interest rate based on a margin of 2.20% above the Bank Bill Reference Rate (BKBM). The interest rate on this facility at 30 June 2021 was 2.60%.

The Company's portfolio of debt is structured with a view to minimising interest rate risk and maximising certainty of the Company's debt servicing costs in the current financial year.

Rotorua Regional Airport Limited
Notes to the Financial Statements
For the Year Ended 30 June 2021

23. RELATED PARTIES

The controlling party of the Company is Rotorua Lakes Council. The following transactions are the disclosures of transactions between the Company and its shareholders and directors:

The following transactions were carried out with related parties on normal commercial terms. The transactions between the Company and Rotorua Lakes Council, and with companies in which directors have an interest are not required to be disclosed by PBE IPSAS 20 Related Party Disclosures. The disclosures made are for information purposes only.

a) Transactions with Rotorua Lakes Council

	2021	2020
<i>Purchases of goods & services</i>		
Land and water rates	103,950	100,212
Building and resource consent fees	3,987	7,967
Land covenant payments	47,366	-
	<u>155,303</u>	<u>108,179</u>
<i>Sales of goods & services</i>		
Service funding received under a service level agreement	2,535,202	2,663,580
	<u>2,535,202</u>	<u>2,663,580</u>
<i>Loan</i>		
Loan received during the year	-	-
Loan paid during the year	-	-
Loan from Rotorua Lakes Council as at balance date	14,400,000	14,400,000
<i>Other</i>		
Interest paid on loan	505,890	506,805
	<u>505,890</u>	<u>506,805</u>
Balance receivable from Rotorua Lakes Council	32	32
Balance payable to Rotorua Lakes Council	36,988	41,785

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b) Transactions with InfraCore

	2021	2020
Purchase of goods & services		
Maintenance	4,797	-
	4,797	-

* InfraCore is a Council Controlled Entity.

c) Board members remuneration

	2021	2020
Peter Stubbs	30,000	24,167
Stuart Alan Crosby	-	7,157
John Amarama Fenwick	15,000	12,083
Anthony John Marks	15,000	12,083
Danielle Louise Auld	15,000	4,860
Mere Kerena George	15,000	4,839
	90,000	65,189

d) Employee remuneration

	2021	2020
Total remuneration paid		
210,000 to 219,999	-	1
220,000 to 229,999	1	-

The key management personnel include the Board of Directors and the CEO. Total key management personnel compensation for the financial year ending 30 June 2021 was \$311,471 (2020: \$281,460). This includes total full-time equivalent personnel of 6 in the financial year ending 30 June 2021. (2020: 7)

No related party debts have been written off or forgiven during the year. (2020: Nil)