



Queenstown Airport Corporation Limited
Disclosure Financial Statements
for the financial year ended
30 June 2021

Contents

Directors' Report	2
Financial Statements	
Income Statement	3
Statement of Comprehensive Income	4
Statement of Changes in Equity	5
Statement of Financial Position	6
Statement of Cash Flows	7
Notes to the Financial Statements	8

Directors' Report

The Directors have pleasure in presenting the Disclosure Financial Statements of Queenstown Airport Corporation Limited (the Company) for the year ended 30 June 2021. These statements present the results of the Identified Airport Activities of the Company and additional information and have been prepared for the purposes of, and in accordance with, the Airport Authorities (Airport Companies Information Disclosure) Regulations 1999, as amended in 2014.

1. Principal Activities of the Company

The principal activity of the Company during the year was airport operator.

While there has been no material changes in the business that the Company is engaged in, during the period the COVID-19 global pandemic continued to create inherent uncertainty around the forecast levels of international and domestic air travel. At the date of this Report scheduled airline services between Queenstown and Australia and Queenstown and Auckland are suspended. Notwithstanding the significant impact of COVID-19 the fundamentals of the business remain strong.

2. Board of Directors

The Directors of the Company during the year under review were:

Adrienne F Young-Cooper
Simon R Flood
Mark R Thomson
Anne J Urlwin (appointed 30 October 2020)
Andrew Blair (appointed 30 October 2020)
Michael QM Tod (appointed 30 October 2020)
Michael P Stiasny (retired 30 October 2020)
Norman J Thompson (retired 30 October 2020)

On Behalf of the Board



Chair



Director

Financial Statements

Income Statement

for the year ended 30 June 2021

	Note	2021 \$ 000's	2020 \$ 000's
Income			
Revenue from contracts with customers	3	14,722	25,786
Rental and other income	3	910	1,173
Other gains		-	-
Total income		15,632	26,959
Expenses			
Operating expenses	3	4,094	5,474
Net impairment losses on financial assets		-	206
Employee remuneration and benefits	3	4,607	6,203
Total expenses		8,701	11,883
Earnings before interest, taxation, depreciation and amortisation			
		6,932	15,076
Depreciation	8	7,143	6,604
Amortisation	9	325	325
Loss on cancellation of Wanaka airport lease	19	1,064	-
Earnings before interest and taxation		(1,600)	8,147
Finance costs	4	3,469	3,619
Profit/(loss) before tax		(5,069)	4,528
Income tax expense/(benefit)	5	(1,006)	(1,351)
Profit/(loss) for the period		(4,063)	5,879

The notes and accounting policies on page 8 to 30 form part of and are to be read in conjunction with these financial statements.

Financial Statements

Statement of Comprehensive Income for the year ended 30 June 2021

	Note	2021 \$ 000's	2020 \$ 000's
Profit/(loss) for the period		(4,063)	5,879
Other comprehensive income			
Items that may be subsequently reclassified to the income statement			
Gain/(loss) on cash flow hedging taken to reserves	16	728	(503)
Income tax relating to gain/(loss) on cash flow hedging	16	(204)	141
Realised gains/(losses) transferred to the income statement	16	127	235
Realised gains/(losses) on transfer of Wanaka airport assets transferred to the income statement	16	-	-
Items that may not be subsequently reclassified to the income statement			
Gain on revaluation of property, plant and equipment		-	-
Income tax relating to gain on revaluation		-	-
Items that may not be subsequently reclassified to the income statement			
Gain/(loss) on revaluation of property, plant and equipment	8	6,680	-
Income tax relating to gain/(loss) on revaluation		(808)	-
Other comprehensive income for the year, net of tax		6,523	(127)
Total comprehensive income for the year, net of tax		2,460	5,752

The notes and accounting policies on page 8 to 30 form part of and are to be read in conjunction with these financial statements.

Financial Statements

Statement of Changes in Equity for the year ended 30 June 2021

	Ordinary shares \$ 000's	Asset revaluation reserve \$ 000's	Cash flow hedge reserve \$ 000's	Retained earnings \$ 000's	Total equity \$ 000's
At 1 July 2020	18,892	75,135	(1,105)	14,742	107,664
Profit/(loss) for the period	-	-	-	(4,063)	(4,063)
Other comprehensive income	-	5,872	651	-	6,523
Total comprehensive income for the period	-	5,872	651	(4,063)	2,460
Dividends paid to shareholders	-	-	-	-	-
At 30 June 2021	18,892	81,007	(454)	10,679	110,124

	Ordinary shares \$ 000's	Asset revaluation reserve \$ 000's	Cash flow hedge reserve \$ 000's	Retained earnings \$ 000's	Total equity \$ 000's
At 1 July 2019	18,892	75,135	(978)	12,552	105,601
Profit/(loss) for the period	-	-	-	5,879	5,879
Other comprehensive income	-	-	(127)	-	(127)
Total comprehensive income for the period	-	-	(127)	5,879	5,752
Dividends paid to shareholders	-	-	-	(3,689)	(3,689)
At 30 June 2020	18,892	75,135	(1,105)	14,742	107,664

The notes and accounting policies on page 8 to 30 form part of and are to be read in conjunction with these financial statements.

Financial Statements

Statement of Financial Position

as at 30 June 2021

	Note	2021 \$ 000's	2020 \$ 000's
Current assets			
Cash and cash equivalents	6	5,065	5,187
Trade and other receivables	7	16,007	648
Prepayments		292	446
Total current assets		21,364	6,281
Non-current assets			
Property, plant and equipment	8	194,557	216,874
Intangible assets	9	3,034	3,948
Total non-current assets		197,592	220,822
Total assets		218,956	227,103
Current liabilities			
Trade and other payables	10	1,454	19,358
Employee entitlements	11	610	831
Current tax payable/(receivable)		(411)	1,035
Derivative financial instruments	12	6	111
Total current liabilities		1,659	21,335
Non-current liabilities			
Derivative financial instruments	12	597	1,221
Deferred tax liability	5	9,076	7,424
Term borrowings (secured)	14	97,500	89,459
Total non-current liabilities		107,173	98,104
Equity			
Share capital	15	18,892	18,892
Retained earnings	16	10,679	14,742
Asset revaluation reserve	16	81,007	75,135
Cash flow hedge reserve	16	(454)	(1,105)
Total equity		110,124	107,664
Total equity and liabilities		218,956	227,103

The notes and accounting policies on page 8 to 30 form part of and are to be read in conjunction with these financial statements.

Financial Statements

Statement of Cash Flows for the year ended 30 June 2021

	Note	2021 \$ 000's	2020 \$ 000's
Cash flows from operating activities			
Cash was provided from:			
Receipts from customers		14,334	29,238
Interest received		5	7
Cash was applied to:			
Payments to suppliers and employees		(7,936)	(12,755)
Interest paid		(3,292)	(2,525)
Income tax paid		(1,006)	(2,460)
Net cash flows from operating activities	20	2,105	11,505
Cash flows from investing activities			
Cash was applied to:			
Purchases of property, plant and equipment		(10,169)	(9,495)
Purchases of intangible assets		(99)	(371)
Net cash flows from investing activities		(10,268)	(9,866)
Cash flows from financing activities			
Cash was applied to:			
Net proceeds from borrowings		8,041	6,328
Dividends paid		-	(3,689)
Net cash flows from financing activities		8,041	2,639
Net increase/(decrease) in cash and cash equivalents		(122)	4,278
Cash and cash equivalents at the beginning of the period		5,187	909
Cash and cash equivalents at the end of the period	6	5,065	5,187

The notes and accounting policies on page 8 to 30 form part of and are to be read in conjunction with these financial statements.

Notes to the Financial Statements

for the year ended 30 June 2021

1 CORPORATE INFORMATION

Queenstown Airport Corporation Limited (the Company or Queenstown Airport) is a company established under the Airport Authorities Act 1966 and registered under the Companies Act 1993. The Company is a reporting entity for the purposes of the Financial Reporting Act 2013.

The Company provides airport facilities, supporting infrastructure and aeronautical services in Queenstown, New Zealand. The Company also provides aeronautical management services in Wanaka and Glenorchy, New Zealand. The Company earns revenue from aeronautical activities, retail and rental leases, car parking facilities and other charges and rents associated with operating an airport.

The registered office of the Company is Level 1, Terminal Building, Queenstown Airport, Sir Henry Wigley Drive, Queenstown, New Zealand.

These financial statements for the Company were authorised for issue in accordance with a resolution of the directors on 12 November 2021.

The disclosure financial statements are presented in accordance with the Airport Authorities Act 1966 as amended by the Airport Authorities Amendment Act 1997 and the Airport Authorities (Airport Companies Information Disclosure) Regulations 1999 ("The Regulations"), as amended in 2014.

The disclosure financial statements are for the reporting entity's Identified Airport Activities. Identified Airport Activities are defined as:

- ▶ **Airfield activities** means the activities undertaken (including the facilities and services provided) to enable the landing and take-off of aircraft and includes:
 - a) The provision of any one or more of the following:
 - airfields, runways, taxiways, and parking aprons for aircraft
 - facilities and services for air traffic and parking apron control
 - airfield and associated lighting
 - services to maintain and repair airfields, runways, taxiways and parking aprons for aircraft
 - rescue, fire, safety and environmental hazard control services
 - airfield supervisory and security services
 - b) The holding of any facilities and assets (including land) acquired or held to provide airfield activities in the future (whether or not used for any other purpose in the meantime).
- ▶ **Specified passenger terminal activities (specified terminal)** means the activities undertaken (including the facilities and services provided) in relation to aircraft passengers while those passengers are in a security area or areas of the relevant airport; and includes:
 - a) The provision, within a security area or security areas of the relevant airport of any one or more of the following:
 - Passenger seating areas, thoroughfares and air bridges
 - Flight information and public address systems
 - Facilities and services for the operation of customs, immigration and quarantine checks and control
 - Facilities for the collection of duty-free items
 - Facilities and services for the operation of security and police services
 - b) Any activities undertaken (including the facilities and services provided) in a passenger terminal to enable the check-in of aircraft passengers, including services for baggage handling.
 - c) The holding of any facilities and assets (including land) acquired or held to provide specified passenger terminal activities in the future (whether or not used for any other purpose in the meantime); but does not include the provision of any space for retail activities.

The Company is not deemed to have any material "Aircraft and freight activities".

Each of the Identified Airport Activities also includes an allocation of roading leading to the airport and supporting infrastructure. Also included in each of the above Identified Airport Activities are assets specifically held for use in that activity. This does not include the provision of any space for retail activities

The numbers presented in these financial statements are for the Identified Airport Activities unless it is stated "for Whole Company".

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) BASIS OF PREPARATION

These financial statements have been prepared in accordance with the Financial Reporting Act 2013 and the Airport Authorities (Airport Companies Information Disclosure) Regulations 1999 which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP) as appropriate to profit oriented entities. They comply fully with NZ IFRS 8 'Segment Reporting' and specified information in accordance with Schedule 2 of the Airport Authorities (Airport Companies Information Disclosure) Regulations 1999 as appropriate for an airport company.

The financial statements have been prepared on a historical cost basis, except for derivative financial instruments, foreign currency bank accounts and certain items of property, plant and equipment cost is based on the fair values of the consideration given in exchange for goods and services.

The financial statements are presented in New Zealand dollars. New Zealand dollars are the Company's functional currency. The financial statements are presented rounded to the nearest one thousand dollars. Due to rounding, numbers presented may not add up precisely to totals provided.

B) CHANGES IN ACCOUNTING POLICIES AND APPLICATION OF NEW ACCOUNTING POLICIES

The accounting policies set out in these financial statements are consistent for all periods presented except as identified below.

New or revised standards and interpretations that have been approved but are not yet effective have not been adopted by the Company for the annual reporting period ended 30 June 2021.

Notes to the Financial Statements

for the year ended 30 June 2021

C) REVENUE RECOGNITION

Revenue arising from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when a customer obtains control of the service. The Company disaggregates revenue from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. When selecting the type of categories to use to disaggregate revenue, the Company considers how information about the Company's revenue has been presented for information regularly reviewed by the board and management. The Company provides services relating to the aviation sector. The following categories of revenue have been identified – scheduled airlines and general aviation, parking, recoveries and commercial vehicles access.

Scheduled Airlines and General Aviation

Revenue arises at the point of time when the associated aircraft takes off or lands. Payment is due monthly (see note 7 for the payment terms).

Parking

Car park revenue is recognised in accordance with the hourly, daily or weekly parking charges over the time as the service is being transferred for the period when the vehicles use the carparks. From practical reasons the revenue is recorded at the time the car leaves the car park. Aircraft parking is recorded in accordance with the daily parking charges at the time the aircraft leaves the airport. The Company does not consider accrued park charges at a period end to be material based on regular assessment and any amounts are not adjusted for. Payment is due on departure from the carpark.

Recoveries

Revenue is recognised over the time as the lessees are continuously supplied with common areas services, utilities and amenities. The contract price is appropriately allocated to performance obligations using the input method – revenue is recognised on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation, i.e. resources consumed, relative to the total expected inputs to the satisfaction of that performance obligation. Payment is due monthly (see Note 7 for the payment terms).

Commercial Vehicles Access

Revenue is recognised at point of time when the vehicles enter the transport area through the barrier. Payment is due upfront.

Rental Revenue

Rental revenue is recognised in accordance with NZ IFRS 16 as described below.

The Company enters into lease agreements as a lessor with respect to some of its land and buildings. Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term. Contingent rents, such as turnover based rents, are recognised as revenue in the period they are earned.

Interest Income

Interest income is recognised as interest accrues using the effective interest method.

D) EMPLOYEE BENEFITS

Employee benefits including salary and wages, Kiwisaver and leave entitlements are expensed as the related service is provided. A liability is recognised for benefits accruing to employees for salaries and wages, annual leave and redundancy as a result of services rendered by employees and contractual obligations up to balance date at current rates of pay.

E) TAXATION

Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income.

Deferred tax

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Income taxes relating to items recognised in other comprehensive income or directly in equity are recognised in other comprehensive income or directly in equity and not in the income statement. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the periods when the asset and liability giving rise to them are realised or settled, based on tax rates that have been enacted or substantively enacted by reporting date.

Goods and services tax

Revenues, expenses, assets and liabilities are recognised net of the amount of GST, except for receivables and payables which are recognised 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 net of the amount of GST.

Notes to the Financial Statements

for the year ended 30 June 2021

F) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are initially recognised at cost. The cost of property, plant and equipment includes all costs directly attributable to bringing the item to working condition for its intended use.

Expenditure on an asset will be recognised as an asset if it is probable that future economic benefits will flow to the entity, and if the cost of the asset can be measured reliably. This principle applies for both initial and subsequent expenditure.

Vehicles, plant and equipment, rescue fire equipment and furniture are carried at cost less accumulated depreciation and impairment losses.

Land, buildings, runways, taxiways and aprons and certain plant and equipment are carried at fair value, as determined by an independent registered valuer, less accumulated depreciation and any impairment losses recognised after the date of any revaluation. Land, land improvements, buildings, roading and car parking, and runways acquired or constructed after the date of the latest revaluation are carried at cost, which approximates fair value. Revaluations are carried out with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the balance sheet date.

Vested assets from majority shareholder is initially measured at fair value at the date on which control is obtained.

Revaluations

Revaluation increments are recognised in the property, plant and equipment revaluation reserve, except to the extent that they reverse a revaluation decrease of the same asset previously recognised in the profit for the year, in which case the increase is recognised in profit for the year.

Revaluation decreases are recognised in the profit for the year, except to the extent that they offset a previous revaluation increase for the same asset, in which case the decrease is recognised directly in the property, plant and equipment revaluation reserve via other comprehensive income.

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the assets.

Fair Value

Where the fair value of an asset is able to be determined by reference to market based evidence, such as sales of comparable assets or discounted cash flows, the fair value is determined using this information. Where fair value of the asset is not able to be reliably determined using market based evidence, optimised depreciated replacement cost is used to determine fair value. For further discussion on fair values refer to note 8.

Depreciation

Depreciation is calculated on a diminishing value (DV) basis for all assets except buildings (noise mitigation), runways, taxiways and aprons so as to write-off the carrying value cost of each asset to its estimated residual value over its estimated useful life. Runways, taxiways and aprons are depreciated on a straight line (SL) basis.

Expenditure incurred to maintain these assets at full operating capability is charged to the profit for the year in the year incurred.

The estimated useful lives of the major asset classes have been estimated as follows:

	Rate %	Method
Right-of-use asset	1.0%	SL
Buildings	2.5% - 33.0%	DV or SL
Runways, Taxiways & Aprons	1.0% - 20.0%	SL
Plant & Equipment	1.0% - 67%	DV

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

Disposal

An item of property, plant and equipment is derecognised upon disposal or recognised as impaired when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit for the year in the period the asset is derecognised.

Capitalisation of costs

Labour and funding costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised to the asset as they are incurred. Borrowing costs are capitalised at the weighted average rate of the borrowing costs of the Company during the period the qualifying asset is being brought to intended use. All other labour and funding costs are recognised in the Income Statement in the period in which they are incurred.

Costs associated with the strategic and master planning work have been assessed and any costs of a capital nature have been disclosed in the Statement of Financial Position at year end.

Notes to the Financial Statements

for the year ended 30 June 2021

G) INTANGIBLE ASSETS

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Amortisation is charged on a straight line basis over the assessed estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for prospectively.

Assets arising from contracts with customers under NZ IFRS 15

The Company recognises the incremental costs of obtaining a contract with a customer as an asset where the costs are expected to be recovered. The Company applies the practical expedient available in NZ IFRS 15 and recognised the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset would be one year or less.

The costs incurred in fulfilling a contract with a customer which are not within the scope of another Standard are recognised as an asset, only if the costs relate directly to a contract, the costs generate or enhance resources of the Company and the costs are expected to be recovered.

H) IMPAIRMENT OF NON-FINANCIAL ASSETS

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible 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 any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use for cash-generating assets, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the profit for the year immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in the profit for the year immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

I) FINANCIAL INSTRUMENTS

The Company's financial assets comprise cash and cash equivalents and trade receivables. The Company's financial liabilities comprise trade payables, borrowings, provisions, other liabilities (classified as financial liabilities at amortised cost) and derivatives (designated as a hedge).

Financial assets at amortised costs

The Company classifies its financial assets as at amortised cost only if the asset is held within a business model whose objective is to collect the contractual cash flows, and the contractual terms give rise to cash flows that are solely payments of principal and interest.

- i) **Cash and cash equivalents** in the statement of financial position and the statement of cashflows comprises cash on hand, on-call deposits held with banks and short-term highly liquid investments.
- ii) **Trade receivables** are amounts due from customers for services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

Financial liabilities at amortised costs

- iii) **Trade and other payables** are unsecured and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature. Trade and other payables are not interest-bearing.
- iv) For all **borrowings**, the fair values are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.

Notes to the Financial Statements

for the year ended 30 June 2021

Financial liabilities at fair value

Hedging derivatives - The Company uses derivative financial instruments to hedge its risks associated with interest rates and foreign currency. Derivative financial instruments are recognised at fair value. Cash flow hedges are currently applied to future interest cash flows on variable rate loans and on variable foreign exchange rates. The effective portion of the gain or loss on the hedging instruments is recognised directly in other comprehensive income and accumulated as a separate component of equity in the cash flow hedge reserve, while the ineffective portion is recognised in the income statement. Amounts taken to equity are transferred to the income statement when the hedged transaction affects the income statement.

The Company applied Hypothetical Hedge/Matched Terms method to measure effectiveness of the hedge relationship, by comparison of hedging instrument to hypothetical derivative (in which the fair value is determined by the credit-risk free benchmark rate).

Fair value hierarchy

The Company made judgements and estimates in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standards.

Fair value levels:

Level 1 - The fair value of financial instruments traded in active markets (e.g. publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2 - The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3 - If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3 (e.g. unlisted equity securities).

Changes in level 2 and 3 fair values are analysed at the end of each reporting period. The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

The Company's exposure to various risks associated with the financial instruments is discussed in Note 13. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned in Note 13.

J) FOREIGN CURRENCIES

The financial statements are presented in New Zealand dollars, being the Company's functional currency. Transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for exchange differences on transactions entered into in order to hedge certain foreign currency risks (refer to Note 16).

K) CHANGES IN ACCOUNTING ESTIMATES, ACCOUNTING POLICIES AND DISCLOSURES

The Company accounts for the changes in accounting estimates prospectively in the financial statements. Therefore, carrying amounts of assets and liabilities and any associated expense and gains are adjusted in the period of change in estimate. There were no changes in the accounting estimates in the current year.

New and amended standards and interpretations

The Company has not early adopted any new standards, interpretations or amendments that have been issued but are not yet effective.

L) SIGNIFICANT EVENTS

As a result of the outbreak and spread of COVID-19 the World Health Organisation declared a global pandemic on 11 March 2020. Following this the New Zealand government imposed travel restrictions which included the quarantining of travellers arriving in New Zealand.

At 30 June 2021 New Zealand had returned to unrestricted domestic travel and a quarantine free travel bubble has been introduced with Australia and Rarotonga in the Cook Islands. On 27 July 2021 quarantine free travel with Australia was suspended as a result of community transmission in the majority of Australia's six states. On 17 August 2021 scheduled airline services between Queenstown and all other New Zealand airports were suspended due to COVID-19 restrictions. On 8 September 2021 scheduled airline services between Queenstown and Wellington and Queenstown and Christchurch recommenced. At the date of this Report scheduled airline services between Queenstown and Auckland and Queenstown and Australia remain suspended. The current situation serves to highlight the unpredictability of the current environment and the inherent uncertainty around the forecast levels of international and domestic air travel. The Company's forecasts are based on information available at the time of preparing the financial statements and reflects the input from various data sources.

Notwithstanding the significant impact of COVID-19 the directors are of the view that the Company's business fundamentals remain strong. Current bank funding facilities have been extended and waivers to banking covenants that were agreed in the prior year have been retained.

Notes to the Financial Statements

for the year ended 30 June 2021

3 SURPLUS FROM OPERATIONS

(a) Operating Revenue

The Company derives revenue from the transfer of services over time and at a point in time through three major revenue categories.

Revenue from contracts with customers		Timing of recognition	2021 \$ 000's	2020 \$ 000's
Scheduled airlines and general aviation		At point in time	14,011	24,898
Parking		Over time	188	320
Recoveries		Over time	524	568
Total revenue from contracts with customers			14,722	25,786
Lease rental revenue			699	720
Government grants			175	449
Other revenue			36	4
Total revenue from rental and other income			910	1,173

Government grant revenue relates to the receipt of the Governments' COVID-19 wage subsidy scheme.

(b) Operating Expenses		2021 \$ 000's	2020 \$ 000's
Administration and other		2,038	2,385
Audit services		74	89
Professional services		915	1,342
Repairs and maintenance		425	541
Utilities		644	1,118
Total operating expenses		4,094	5,474
Audit services include :			
Audit of annual financial statements		52	53
Audit of disclosure financial statements		22	20
Other assurance services ¹		-	16
Total audit services		74	89

¹ Other assurance services include amounts paid during the year ended 30 June 2020 to KPMG for services relating to the internal audit programme

(c) Employee remuneration and benefits		2021 \$ 000's	2020 \$ 000's
Salary and wages		4,386	6,020
Directors fees		220	183
Total employee remuneration and benefits		4,607	6,203

4 FINANCE COSTS

		2021 \$ 000's	2020 \$ 000's
Interest and finance charges paid for financial liabilities not at fair value through profit or loss		2,719	2,451
Fair value gain/(loss) on interest rate swaps designated as cashflow hedges		177	503
Less capitalised borrowings costs		-	(247)
Interest on internal debt		574	912
Total finance costs		3,469	3,619

Interest was capitalised for the year ended 30 June 2020 at a weighted average cost of borrowings of 3.99%. Finance income from financial assets held for cash management purposes was immaterial and it was classified as revenue in the Income Statement.

Notes to the Financial Statements

for the year ended 30 June 2021

5 TAXATION

	2021 \$ 000's	2020 \$ 000's
a) Current income tax expense/(benefit)		
Current income tax	(355)	2,206
Deferred income tax	(49)	(91)
Prior period adjustment	(25)	-
Origination and reversal of temporary differences	(577)	(3,466)
Total income tax expense/(benefit)	(1,006)	(1,351)
b) Numeric reconciliation between income tax expense/(benefit) and profit before tax		
Surplus/(deficit) before taxation per the Income Statement	(5,069)	4,528
Prima Facie Taxation @ 28%	(1,419)	1,267
Adjusted for tax effect of:		
Permanent differences	665	96
Creation/(reversal) of temporary differences	(203)	(2,623)
Amortisation of tax component of derivatives	(49)	(91)
Income tax expense/(benefit) as per the income statement	(1,006)	(1,351)
c) Net deferred liabilities		
Balance at beginning of the year	7,424	11,031
Deferred tax benefit/(charge) charged to income	640	(3,466)
Deferred tax benefit/(charge) charged to comprehensive income	1,012	(141)
Balance at end of year	9,076	7,424
The balance of deferred tax liabilities comprises:		
i Deferred tax liabilities		
Intangible assets	410	493
Property, plant and equipment	8,934	7,508
Trade and other receivables	-	(57)
	9,344	7,944
ii Deferred tax assets		
Derivatives	169	373
Employee benefits	99	147
	268	520
Net deferred tax liability	9,076	7,424

During the year ending 30 June 2016, a movement in deferred tax on derivatives of \$578,000 occurred relating to losses on interest rate swaps closed out during that financial year. These are being amortised over the original life of the swap, reducing the tax expense for accounting purposes, but were immediately deductible for tax purposes. During the year ending 30 June 2021, \$49,000 (2020: \$91,000) was recognised as a reduction in tax expense (refer Note 5a).

	2021 \$ 000's	2020 \$ 000's
d) Imputation Credit Account (for Whole Company)		
Balance at beginning of year	21,707	22,489
Income tax paid and payable	1,708	2,444
	23,415	24,933
Less credits attached to dividends paid	-	(3,226)
Balance at end of year	23,415	21,707

6 CASH AND CASH EQUIVALENTS

	2021 \$ 000's	2020 \$ 000's
Cash on hand	15	15
Cash at bank	5,050	5,172
Cash and cash equivalents	5,065	5,187

Notes to the Financial Statements

for the year ended 30 June 2021

7 TRADE AND OTHER RECEIVABLES

	2021 \$ 000's	2020 \$ 000's
Trade receivables	2,140	873
less provision for expected credit losses	(225)	(225)
Revenue accruals and other receivables	14,092	-
Closing balance	16,007	648
Recognised in the statement of financial position		
Current assets	16,007	648
Non-current assets	-	-
Closing balance	16,007	648

Trade receivables have general payment terms of the 20th of the month following invoice. Movements in the provision for expected credit losses have been included in net impairment losses on financial assets in the income statement. No individual amount within the provision for expected credit losses is material.

8 PROPERTY, PLANT AND EQUIPMENT

a) Reconciliation of carrying amounts at the beginning and end of the year

	Land \$ 000's	Right of use asset \$ 000's	Buildings \$ 000's	Runways, Taxiways & Aprons \$ 000's	Plant & equipment \$ 000's	Total \$ 000's
At fair value	93,422	11,340	46,689	58,914	10,289	220,654
At cost	-	-	-	-	14,385	14,385
Work in progress at cost	552	-	405	73	1,861	2,891
Accumulated depreciation	-	(227)	(4,113)	(4,923)	(11,793)	(21,056)
Balance at 30 June 2020	93,974	11,113	42,981	54,064	14,742	216,874
Reclassification	(9,567)	-	-	20	(347)	(9,894)
Revaluation	1,004	-	6,810	(1,397)	263	6,680
Additions	-	-	99	111	999	1,209
Transfer of WKA assets at cost	-	(11,022)	(397)	(1,905)	(182)	(13,506)
Work in progress movement	(273)	-	1,185	20	(596)	336
Depreciation	-	(91)	(2,243)	(2,914)	(1,896)	(7,143)
Movement to 30 June 2021	(8,836)	(11,113)	5,454	(6,064)	(1,759)	(22,318)
At fair value	84,859	-	46,845	47,907	10,205	189,816
At cost	-	-	-	-	15,203	15,203
Work in progress at cost	279	-	1,590	93	1,266	3,228
Accumulated depreciation	-	-	-	-	(13,689)	(13,689)
Balances at 30 June 2021	85,138	-	48,435	48,000	12,983	194,557

The carrying value of the asset categories above includes work in progress. Buildings includes noise mitigation works. Plant & equipment includes plant & equipment, vehicles, roading, car parking and fixtures & fittings.

The reclassification balance represents Wanaka assets which were previously classified as Airfield and have been reclassified to Commercial due to the cancellation of the long-term lease over Wanaka airport.

The Company's assets are secured by way of a general security agreement.

b) Land Acquisition

During the current period the Company made a compensation payment of \$18.3 million for land known as 'Lot 6'. The Company's compensation payment is supported by an independent valuation. Whilst compensation has been paid, the previous owner has an option to refer the matter to the Land Valuation Tribunal, at which any change to the compensation value will be determined via adjudication.

During the prior year an offer of compensation for Lot 6 was made to the previous landowner for \$18.4 million. At 30 June 2020 the offer of compensation had not been paid, accordingly a liability of \$18.4 million was included in trade and other payables (note 10).

Notes to the Financial Statements

for the year ended 30 June 2021

c) Revaluation of land, right-of-use asset, buildings, runways, taxiway and aprons and property, plant and equipment

At the end of each reporting period, the Company makes an assessment of whether the carrying amounts differ materially from fair value and whether a revaluation is required.

Land, buildings, roading and car parking were independently valued by JLL, registered valuers, as at 30 June 2021. The runways, taxiways and aprons were independently valued by Beca Valuations Limited (Beca), registered valuers, as at the same date. The valuation of certain land, buildings, roading and carparks prepared by JLL noted a material valuation uncertainty, and the valuation of runways, taxiways and aprons prepared by Beca noted a significant market uncertainty. Both were as a result of the ongoing impacts of COVID-19.

Valuations are completed in accordance with financial reporting and valuation standards. Management reviews the key inputs, assesses valuation movements and holds discussions with the valuers as part of the process. Discussions about the valuation processes and results are held between the Company's management and the Board.

Fair value measurement at 30 June 2021

The valuation assessments of Aeronautical and Non-Aeronautical assets have been undertaken in accordance with NZ IAS 16, which states that assets held for use in the production or supply of goods or services or for rental consideration from third parties, are to be identified as Property, Plant and Equipment and therefore recorded at their 'Fair Value'. Fair value is 'the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction' where Fair Value can be determined by reference to the price paid in an active market for the same or similar assets, the value of those assets can generally be determined on the basis of 'Market Value'. Under NZ IAS 16 there is no requirement to assess (and deduct) disposal costs.

The valuation has also been prepared in compliance with NZ IFRS 13 Fair Value Measurement. NZ IFRS 13 Fair Value Measurement applies to reporting standards that require or permit fair value measurements or disclosures and provides a single NZ IFRS framework for measuring fair value and requires disclosures about fair value measurement. The Standard defines fair value on the basis of an 'exit price' notion and uses a 'fair value hierarchy', which results in a market-based, rather than entity-specific measurement.

The Company's land, right-of-use asset, buildings, runways, taxiway and aprons and property, plant and equipment are categorised as Level 1, 2 and 3 in the fair value hierarchy. During the year, there were no transfers between the levels of the fair value hierarchy.

The table on Page 17 summarises the valuation methodology, key valuation assumptions, fair value hierarchy levels and valuation sensitivity analysis for the significant asset classes.

The remaining asset categories if aggregated have a valuation sensitivity of \$1.3 million and have therefore not been separately disclosed. The valuation methodologies relating to the asset categories that have not been disclosed separately included: Investment Basis, Fair Value under Optimised based on Depreciated Replacement Cost and Depreciated Replacement Cost Approach, Market Value - under Direct Sales Comparison Approach, Discounted Cashflow Approach, Capitalisation Approach and Existing Use.

Notes to the Financial Statements

for the year ended 30 June 2021

Asset Classification & Description	Valuation Methodology	Key Valuation Assumptions	Fair Value Hierarchy Level	Valuation Sensitivity
Land Aeronautical Land used for airport-related activities.	Market Value – based on zonal use. Direct Sales Comparison based on degree of utility within the airport area.	Airport Use zone land compared to commercial and rural values at an average rate of \$625,000 per hectare, while Airport terminal land at an average rate of \$2,950,000 per hectare.	3	+/- \$4.0 million (5% change in land value rates)
Carparking Land accommodating transportation uses including public, rental car and staff parking as well as commercial service operators.	Market Value - based on zonal use, land value sales due to uncertain revenue forecasting.	Based on land sales comparison on zonal approach at \$6,700,000 per hectare.	3	+/- \$1.9 million (5% change in land value rates)
Ground Leases Land leased to third parties for aeronautical activities where the Lessee owns the improvements.	Market Value using a Present Value of future rental annuities plus land value, based upon actual current lease agreements with third parties. Due to airport disruption and large number of leases under renewal but yet to review.	Majority of the ground leased sites assessed at a freehold land value of \$1,000/m ² to \$1,200/m ² .	3	+/- \$2.0 million (5% change in land value rate or discount rate for contestable land)
Industrial Vacant land zoned industrial at the northern end of the airport.	Market Value under a Direct Sales Comparison Approach.	Land values range between \$320 – \$510/m ² at an average of \$330/m ² .	3	+/- \$2.5 million (5% change in freehold land rates)
Residential Various residential sites.	Market Value under a Direct Sales Comparison Approach.	Adopted land value rate of \$1,250/m ² .	3	+/- \$1.0 million (5% change in land value rate)
Runway, Taxiway & Aprons Aeronautical Aeronautical infrastructure and sealed surfaces.	Fair Value under the Depreciated Replacement Cost (DRC) Approach. It is based upon the principle of substitution, assuming the use of modern materials, techniques and designs.	Reference has been made to inflation indices used and construction rates compiled by Beca's cost estimators and valuations team, who are involved in aviation civil works.	3	+/- \$2.24 million (4.9% change in DRC value)
Buildings Aeronautical Terminal Building	Fair Value under an Optimised Depreciated Replacement Cost (ODRC) approach. The cost of constructing an equivalent asset at current market-based input cost rates, adjusted for remaining useful life (depreciation).	Weighted average construction cost of \$5,800/m ² and depreciation rates of circa 2.0% per annum.	3	+/- \$3.00 million (5% change to replacement rate)

Sensitivity of Inputs	
Land	The critical elements in establishing the 'market value existing use' of land is the market rate prevailing for similar land. - An increase in demand for land will increase the fair value, vice versa - Rezoning, servicing upgrades or reconfiguring land can result in an increase in the fair value, vice versa
Runway, Taxiway & Aprons	The critical elements in establishing the fair value of civil assets is the movement in the average cost rates for concrete, asphalt, base course and foundations, as well as the estimated remaining useful life of the assets. - An increase to any of the average cost rates listed above will increase the fair value, vice versa - A reduction in the estimated remaining useful life of the assets will reduce the fair value, vice versa
Buildings, Plant & Equipment	- An increase in modern equivalent asset replacement cost will increase the fair value, vice versa - A reduction in the estimated remaining useful life of the assets will reduce the fair value, vice versa - An increase in the cashflow from An asset will increase the fair value, vice versa

Notes to the Financial Statements

for the year ended 30 June 2021

9 INTANGIBLE ASSETS

	2021 \$ 000's	2020 \$ 000's
Cost		
Opening balance	6,275	5,911
Additions/(disposals)	(589)	364
Total cost closing balance	5,686	6,275
Accumulated amortisation		
Opening balance	2,327	2,002
Amortisation expense	325	325
Total accumulated amortisation	2,652	2,327
Total carrying value of intangible assets	3,034	3,948

The following useful lives are used in the calculation of amortisation:

Noise boundaries	- 6 to 9 years
Flight fans	- 15 years

The Company has not identified any material assets related to contracts with customers.

10 TRADE AND OTHER PAYABLES

	2021 \$ 000's	2020 \$ 000's
Trade payables	1,020	206
Other creditors and accruals	435	752
Lot 6 payable	-	18,400
Closing balance	1,454	19,358

The above balances are unsecured. The amount owing to the related parties is specified in Note 19.

11 EMPLOYEE ENTITLEMENTS

	2021 \$ 000's	2020 \$ 000's
Accrued salary and wages	209	313
Annual leave	401	518
Closing balance	610	831

12 DERIVATIVES (for Whole Company)

	2021 \$ 000's	2020 \$ 000's
Derivative financial liabilities		
Interest rate swaps (effective)	597	1,332
Foreign exchange forward contracts (effective)	6	-
Closing balance	604	1,332
Recognised in the statement of financial position		
Current liabilities	6	111
Non-current liabilities	597	1,221
Total derivatives	604	1,332

In order to protect against rising interest rates the Company has entered into interest rate swap contracts under which it has a right to receive interest at variable rates and to pay interest at fixed rates.

Notes to the Financial Statements

for the year ended 30 June 2021

13 FINANCIAL RISK MANAGEMENT

a) Foreign exchange risk management (for Whole Company)

It is the policy of the Company to enter into forward foreign exchange contracts to cover committed foreign currency payments and receipts over \$0.5 million by at least 80% of the exposure generated.

b) Interest rate risk management (for Whole Company)

The Company has interest rate risk resulting from its floating rate borrowings under its debt facility. In order to protect against this risk, the Company has entered into interest rate swaps agreements, under which it has the obligation to transform a series of future variable interest cash flows, attributable to changes in 3 month NZD-BBR-FRA, back to a known fixed interest cash flow based on the relevant swap rate that existed at the inception of the hedge relationship. The following table details the notional principal amounts and remaining term of interest rate swap contracts outstanding as at reporting date:

	Contract fixed interest rate	Notional principal amount	Fair Value
	%	\$ 000's	\$ 000's
2021			
Outstanding floating to fixed contracts			
Less than 1 year		-	-
1 to 2 years	2.623	10,000	6
3 to 5 years	1.959	13,000	597
		23,000	604
Cover of principal outstanding		24%	

	Contract fixed interest rate	Notional principal amount	Fair Value
	%	\$ 000's	\$ 000's
2020			
Outstanding floating to fixed contracts			
Less than 1 year		-	-
1 to 2 years	2.470	5,000	111
3 to 5 years	2.316	18,000	1,221
		23,000	1,332
Cover of principal outstanding		26%	

The interest rate swaps are designated hedge relationships and the hedges assessed to be highly effective over the term of the hedge relationship. As a result, a net unrealised gain of \$524,000 net of tax \$204,000 relating to the hedging instruments, is included in other comprehensive income (2020: unrealised loss of \$362,000 net of tax \$141,000).

At 30 June 2021, if the interest rates had changed by +/- 1%, with all other variables held constant, the impact on profit before tax would have been \$525,000 lower/higher. A sensitivity of 1% has been selected as this is considered reasonable given the current level of interest rates and the trend observed both on a historical basis and market expectations for future moves.

c) Capital risk management (for Whole Company)

When managing capital, management ensures that the Company continues as a going concern, the Company has access to sufficient capital to fund investments, capital can be accessed at a competitive cost and optimal returns are delivered to shareholders.

The Company is not subject to any externally imposed capital requirements apart from covenants in respect of bank facilities.

Notes to the Financial Statements

for the year ended 30 June 2021

d) Credit and liquidity risk management

Credit risk arises from cash and cash equivalents, favourable derivative financial instruments, deposits with banks and credit exposures to customers, including outstanding receivables. Credit risk is managed by the senior management and directed by the board. Only independently rated banks with a minimum credit rating of A (Standard & Poor's) or A1 (Moody's) are accepted. For parties where there is no independent rating, the financial department assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. For some customers the Company may obtain security in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets as mentioned in Note 7 Trade & Other Receivables, and Note 6 Cash and Cash Equivalents. There are no significant concentrations of credit risk, through exposure to individual customers due to the specifics of the industry. The Company applies the IFRS 9 simplified approach to measuring credit losses, refer to Note 7 Trade & Other Receivables for further discussion.

Liquidity risk represents the risk that the Company may not have the financial ability to meet its contractual obligations. The Company evaluates its liquidity requirements on an on-going basis and reviews the treasury policy headroom levels on an annual basis. In general, the Company generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities and has funding in place to cover potential shortfalls.

The table below analyses the company's financial liabilities and derivative financial liabilities that will be settled on a net basis, into relevant maturity groupings based on the remaining period at year end to the contractual maturity date. The amounts disclosed in the table are the gross contractual undiscounted cash flows. Balances within 12 months equal their carrying balances.

	Carrying Amount \$ 000's	Total cashflow \$ 000's	On demand \$ 000's	< 1 year \$ 000's	1 - 2 years \$ 000's	3 - 5 years \$ 000's
2021						
Financial liabilities						
Trade and other payables	1,454	1,454	1,454	-	-	-
Borrowings (external)	82,000	82,000	-	-	30,000	52,000
Borrowings (internal)	15,500	15,500	-	-	-	15,500
Derivative financial instruments	604	604	-	6	-	597
Total financial liabilities	99,558	99,558	1,454	6	30,000	68,098
2020						
Financial liabilities						
Trade and other payables	19,358	19,358	19,358	-	-	-
Borrowings (external)	69,000	69,000	-	-	54,000	15,000
Borrowings (internal)	20,459	20,459	-	-	-	20,459
Derivative financial instruments	1,332	1,332	-	111	-	1,221
Total financial liabilities	110,149	110,149	19,358	111	54,000	36,680

14 BORROWINGS

	Expiry Date	Line Limit \$ 000's	2021 \$ 000's	2020 \$ 000's
Bank Facilities				
ASB	30 June 2024	10,000	10,000	11,000
ASB B	30 June 2025	20,000	1,000	-
Bank of China	30 April 2023	30,000	30,000	15,000
BNZ B	30 June 2024	30,000	15,000	15,000
Westpac B	Expired	-	-	20,000
Westpac C	30 June 2025	30,000	8,000	8,000
Westpac D	30 June 2024	20,000	18,000	-
Internal debt from commercial activities			15,500	20,459
Total borrowings		140,000	97,500	89,459
Recognised in the statement of financial position				
Current liabilities			-	-
Non-current liabilities			97,500	89,459
Total borrowings			97,500	89,459

The bank facilities are secured by a general security agreement over the Company's assets, undertakings and any uncalled capital.

Notes to the Financial Statements

for the year ended 30 June 2021

15 SHARE CAPITAL

	2021		2020	
	No.	\$ 000's	No.	\$ 000's
(a) <u>Authorised share capital</u>				
Ordinary shares – fully paid.	7,142,000	18,892	7,142,000	18,892

(b) Ordinary shares

All ordinary shares have equal voting rights and equal rights to distributions and any surplus on winding up of the Company.

16 RETAINED EARNINGS AND RESERVES

	2021	2020
	\$ 000's	\$ 000's
(a) <u>Retained earnings</u>		
Movements in Retained Earnings were as follows:		
Balance 1 July	14,742	12,552
Profit/(loss) for the year	(4,063)	5,879
Dividends paid	-	(3,689)
Balance at 30 June	10,679	14,742

	2021	2020
	\$ 000's	\$ 000's
(b) <u>Asset revaluation reserve</u>		
Movements in the asset revaluation reserve were as follows:		
Balance 1 July	75,135	75,135
Realised gain/(loss) transferred to statement of comprehensive income	-	-
Increase arising on revaluation of assets	6,680	-
Deferred tax movement	(808)	-
Balance at 30 June	81,007	75,135

	2021	2020
	\$ 000's	\$ 000's
(c) <u>Cash flow hedge reserve (for Whole Company)</u>		
Movements in the cash flow hedge reserve were as follows:		
Balance 1 July	(1,105)	(978)
Gain/(loss) recognised on interest rate swaps	735	(515)
Deferred tax movement arising on interest rate swaps	(206)	144
Gain/(loss) recognised on forward exchange contracts	(7)	12
Deferred tax movement arising on forward exchange contracts	2	(3)
Realised gain/(loss) transferred to statement of comprehensive income	127	234
Balance at 30 June	(454)	(1,105)

The cash flow hedge reserve represents hedging gains and losses recognised on the effective portion of cash flow hedges. The cumulative deferred gain or loss on the hedge is recognised in the income statement when the hedge relationship is discontinued or is included as a basis adjustment to the non-financial hedged item, consistent with applicable accounting treatment.

During the year ending 30 June 2016, the Company closed out \$20 million of interest rate swaps at rates ranging from 4.78% to 5.615% at a loss (net of tax) of \$1.5 million. As these were designated hedge relationships, the net loss and related tax benefit will be recognised in the Income Statement, over the period of the original swap. During the year ending 30 June 2021, the interest expense of \$177,000 and tax benefit of \$49,000 was recognised (2020: \$325,000 and \$91,000 respectively).

17 DIVIDENDS

	2021		2020	
	Per Share	\$ 000's	Per Share	\$ 000's
Dividends paid during the year				
Interim dividend	-	-	0.4542	3,244
Final dividend	-	-	0.6230	445
Total dividends paid during the year				3,689

No dividends were declared and paid during the period.

Notes to the Financial Statements

for the year ended 30 June 2021

18 OPERATING LEASE ARRANGEMENTS (for Whole Company)

(a) Company as Lessor: Operating Lease Rental

Operating leases relate to the commercial property owned by the Company with lease terms of between 4 months to 33 years, with options to extend for up to a further 10 years. The lease terms at 30 June 2021, extend up to 19 years in the future. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

Rental income earned by the Company from its commercial property is set out in Note 3. The Company has contractual rights under leases to the following Minimum Annual Guaranteed rentals and contracted escalations but excludes at risk receipts such as turnover rents and CPI increases:

	2021 \$ 000's	2020 \$ 000's
Less than 12 months	10,366	9,975
1-2 years	5,709	5,950
2-3 years	4,344	4,054
3-4 years	2,576	2,243
4-5 years	1,678	904
5+ years	4,944	2,828
Total company as lessor; operating lease rental	29,615	25,954

19 RELATED PARTY TRANSACTIONS (for Whole Company)

Queenstown Airport Corporation Limited is 75.01% owned by the ultimate parent entity, Queenstown Lakes District Council, and 24.99% owned by Auckland Airport Holdings (No 2) Limited.

Related parties of the Company are:

- ▶ Queenstown Lakes District Council (QLDC) - shareholder
- ▶ Mark R Thomson - General Manager Property and Commercial, Auckland International Airport Limited
- ▶ Auckland International Airport Limited (AIAL) - shareholder
- ▶ Prudence M Flacks - Director, Bank of New Zealand Limited (BNZ)

(a) Transactions with related parties

The following transactions occurred with related parties:
All transactions were provided on normal commercial terms.

	2021 \$ 000's	2020 \$ 000's
Queenstown Lakes District Council (QLDC)		
Rates paid	460	491
Resource and building consent costs and collection fees	24	-
Other payments	-	21
Parking infringement and other income received	(8)	(76)
Frankton Golf Club income	(44)	(43)
Total payments to QLDC	432	393
Auckland International Airport Limited (AIAL)		
Rescue fire training fees paid	-	5
Director fees and expenses paid	50	43
Total payments to AIAL	50	48
BNZ		
Interest paid, other bank fees and interest received	-	801
Total payments to BNZ	-	801

(b) Balances with related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	2021 \$ 000's	2020 \$ 000's
Queenstown Lakes District Council (QLDC)		
Receivables	(14,733)	(1)
Payables	1	1
Net receivables balance	(14,732)	-
BNZ		
Borrowings and accrued interest	-	15,001
Net balance	-	15,001

BNZ ceased being a related party on 23 May 2020 due to the retirement of Prudence M Flacks from the board of directors of the Company.

Notes to the Financial Statements

for the year ended 30 June 2021

On 21 April 2021 the High Court ruled that the granting of the long-term lease for Wanaka Airport from QLDC to the Company was unlawful for the reasons set out in its decision and set the lease aside. Accordingly, the lease arrangement has been cancelled and improvements relating to Wanaka Airport have been transferred to QLDC. The Company has entered into an interim management services agreement to provide various services related to the day-to-day operations of Wanaka Airport on behalf of QLDC for a fee of \$355,000 per annum.

The directors have taken independent advice to determine a settlement value of \$14.7 million to reverse the lease arrangement. The settlement value represents the net cash outflows made by the Company since the inception of the long-term lease on 1 April 2018, including the cash paid for the long-term lease and improvements. The settlement value is disclosed in Trade and Other Receivables in the Statement of Financial Position in the Company's Annual Report.

A net loss on the transfer of assets to QLDC of \$0.8M has been recognised in the Income Statement of the Company's Annual Report.

(c) **Key Management Personnel Compensation**

Key management personnel compensation for the year ended 30 June 2021 and the year ended 30 June 2020 is set out below. The key management personnel are all the directors of the Company and the executives with the greatest authority for the strategic direction and management of the Company.

	2021 \$ 000's	2020 \$ 000's
Short term benefits	1,814	1,767
Total	1,814	1,767

20 RECONCILIATION OF CASH FLOWS

	2021 \$ 000's	2020 \$ 000's
a) Operating Activities		
Net profit/(loss) after taxation	(4,063)	5,879
Add/(Deduct) non-cash items:		
Amortisation	325	325
Depreciation	7,143	6,604
Loss on cancellation of Wanaka airport lease	1,064	-
Other	(191)	(2,320)
Changes in Assets and Liabilities:		
(Increase)/decrease in trade and other receivables	88	2,630
(Increase)/decrease in prepayments	(153)	(156)
Increase/(decrease) in current tax payable	1,446	(254)
Increase/(decrease) in trade and other payables	(17,906)	16,196
Increase/(decrease) in employee entitlements	(221)	(7)
(Increase)/decrease in deferred tax liability	(1,652)	(247)
Movement in items reclassified as investing and financing activities	16,226	(17,145)
Net cash flows from operating activities	2,105	11,505
b) Financing Activities		
Opening balance	89,459	82,220
Net loans (Repayments)/drawdown	8,041	7,239
Closing balance	97,500	89,459

Notes to the Financial Statements

for the year ended 30 June 2021

21 CONTINGENT LIABILITIES (for Whole Company)

a) Noise mitigation

The Company has implemented a programme of works to assist homeowners living in the inner and mid noise boundaries to mitigate the effects of aircraft sound exposure. This programme was put on hold during the prior year due to the significant negative impact on the Company's financial performance as a direct result of COVID-19. The programme is being continually assessed and will progress when increased levels of airline activity return post COVID-19.

Inner noise mitigation

As at 30 June 2021, the Company had made inner noise mitigation offers to 39 properties (7 are owned by the Company), at a total cost of \$1,838,000. Aircraft noise at Queenstown Airport has decreased as a result of the reduced aircraft movement levels due to the closure of New Zealand borders since March 2020. Accordingly, noise mitigation works have been suspended until the Company has greater clarity of the future of domestic and international aircraft movements and the impact on its noise boundaries. There are no capital commitments at reporting date.

Mid noise mitigation

Prior to 30 June 2020 the Company had made a commitment to provide noise mitigation works (mechanical ventilation) to 131 properties. As at 30 June 2021, 18 homeowners had replied and requested to proceed with design prior to determining whether to accept the offers.

b) Lot 6

During the current period the Company made a compensation payment of \$18.34 million for land known as 'Lot 6'. While compensation has been paid, the previous owner has the option to refer the matter to the Land Valuation Tribunal, at which any change to the compensation value will be determined by adjudication. The Company's compensation was supported by an independent valuation.

22 CAPITAL COMMITMENTS (for Whole Company)

Committed for Acquisition of Property, Plant and Equipment

2021	2020
\$ 000's	\$ 000's
6,867	-
6,867	-

23 SUBSEQUENT EVENTS (for Whole Company)

a) Dividends

The directors resolved on 13 August 2021 that no final dividend for the year ended 30 June 2021 would be paid to shareholders.

b) COVID-19

On 17 August 2021 scheduled airline services between Queenstown and all other New Zealand airports were suspended due to COVID-19 restrictions. On 8 September 2021 scheduled airline services between Queenstown and Wellington and Queenstown and Christchurch recommenced. At the date of this Report scheduled airline services between Queenstown and Auckland remain suspended. Notwithstanding the significant impact of recent COVID-19 restrictions, the directors are of the view that the Company's business fundamentals remain strong. Current bank funding facilities have been extended and waivers to banking covenants that were agreed in the prior year have been retained.

c) Lot 6

Subsequent to Note 21b 'Lot 6', on 15 October 2021 the previous owner, Remarkables Park Limited (RPL), served a claim under the Public Works Act 1981 upon Queenstown Airport Corporation (QAC) and the Minister for Land Information. As at 12 November 2021, the claim has yet to be referred to the Land Valuation Tribunal.

d) Change in Legislation

The COVID-19 Response (Management Measures) Legislation Bill (Bill) has been passed and came into effect from 3 November 2021. The Bill amends certain clauses of the Property Law Act 2007. The Directors are currently assessing the impact this Bill may have on the financial forecast of the Company.

Notes to the Financial Statements

for the year ended 30 June 2021

Identified Airport Activities Reporting

24 SEGMENT INFORMATION

The preparation of the disclosure financial statements requires the identification and presentation of aeronautical activities. In addition to this the Company is required to present segmented information for Identified Airport Activities. These activities are defined in the Airport Authorities Act 1966 (and subsequent amendments). The Identified Airport Activities are as follows:

- i) Airfield activities:
- ii) Aircraft and freight activities:
- iii) Specified passenger and terminal activities.

Management have assessed the aeronautical activities of the Company against these definitions and allocated them as appropriate. Through this assessment management determined that no material "Aircraft and freight activities" are undertaken by the Company, therefore only the remaining two segments have been reported on.

The Company is located in one geographic segment in Queenstown Lakes District, New Zealand, and operates in the airport industry. The company earns revenue from aeronautical activities and other charges and rents associated with operating an airport.

The Company's top two customers represent 97% (2020: 77%) of revenue from substantial customers. This equates to \$12,352k (2020: \$18,454k).

The next two largest customers represent 3% (2020: 23%) of revenue from substantial customers. This equates to \$321k (2020: \$5,653k).

Year ended 30 June 2021	Airfield \$ 000's	Specified Terminal \$ 000's	Total \$ 000's
External Income			
Airport charges	11,024	2,987	14,011
Licences & aircraft parking	480	930	1,410
Interest	-	-	-
Government Grants	121	65	186
Other revenue	23	2	25
Total Income	11,648	3,984	15,632
Expenses			
Administration and other	1,331	781	2,111
Professional Services	598	316	915
Repairs & maintenance	191	233	425
Utilities	14	629	644
Employee remuneration and benefits	3,542	1,065	4,607
Loss on cancellation of Wanaka airport lease	1,064	-	1,064
Depreciation	3,447	3,697	7,143
Amortisation	325	-	325
Finance costs	1,950	1,519	3,469
Total Expenses	12,461	8,240	20,702
Segment profit/(loss) before income tax	(813)	(4,256)	(5,069)
Income tax expense/(benefit)			(1,006)
Profit/(loss) for the year			(4,063)
Segment total assets	131,330	87,626	218,956
Additions of property plant and equipment included in segment assets	1,168	41	1,209
Average number of full-time staff equivalents	20	10	30

There are no significant inter-segment transactions.

Notes to the Financial Statements

for the year ended 30 June 2021

	Airfield \$ 000's	Specified Terminal \$ 000's	Total \$ 000's
Year ended 30 June 2020			
External Income			
Airport Charges	15,266	10,201	25,467
Licences & aircraft parking	722	318	1,040
Interest revenue	3	-	3
Government grants	268	181	449
Total Income	16,259	10,700	26,959
Expenses			
Operating expenses	2,239	2,517	4,756
Administration expenses	101	76	177
Repairs & maintenance	240	301	541
Employee benefits expense	4,089	2,114	6,203
Impairment losses on financial assets	206	-	206
Depreciation	3,395	3,209	6,604
Amortisation	325	-	325
Finance costs	2,234	1,385	3,619
Total Expenses	12,829	9,602	22,431
Segment profit/(loss) before income tax	3,430	1,098	4,528
Income tax expense/(benefit)	-	-	(1,351)
Profit/(loss) for the year			5,879

Segment total assets	140,148	86,955	227,103
Additions of property plant and equipment included in segment assets	27,384	10,451	37,835
Average number of full-time staff equivalents	37	25	62

There are no significant inter-segment transactions.

25 ALLOCATION METHODOLOGY USED IN THE PREPARATION OF THESE STATEMENTS

a) Revenue Categories

Revenue falls into one of the following categories:

- **Passenger/landing charges** relates to the revenue that is directly attributable to aircraft landings and the associated passenger charge. This revenue is directly allocated to the Identified Airport Activities based on the nature of the charge.
- **Licenses, leases and aircraft parking** is the revenue from aircraft parking and the revenue from licenses and leases relating to aviation services. This revenue is directly allocated to the Identified Airport Activities based on the nature of the customer utilising these services.

b) Expenditure Categories and Allocation

Expenditure falls into one of the following categories:

- **Direct operating costs** are those costs which are incurred solely by Identified Airport Activities, or another business unit of the airport, and have been allocated directly to that activity.
- **Indirect operating costs** are either incurred by a number of Identified Airport Activities, or in conjunction with other business units. Indirect costs primarily relate to terminal related activities and an allocation is applied to determine the Specified Terminal (Identified Airport Activity) element of the cost. The Company allocates indirect costs on a share of space attributable to each activity in the terminal building, consistent with the most recent aero-pricing consultation. Each year an analysis is performed of space in the terminal building attributed to Identified Airport Activities versus non-Identified Airport Activities.
- **Non-operating costs** have been allocated to the Identified Airport Activities on the following basis:
 - Depreciation is allocated across Identified Airport Activities consistent with the methodology used for assets (see below).
 - Interest expense is allocated across Identified Airport Activities consistent with the methodology used for debt (see below).
 - Taxation is allocated across Identified Airport Activities based on a consistent allocation methodology applied to the relevant assessable expenses, for asset allocation (see below) and expenses (see above).

Expense items are generally analysed at the business unit level, however further analysis is conducted where significant costs within a business unit are known to have a different driver.

Notes to the Financial Statements

for the year ended 30 June 2021

c) Allocation of Assets

The Company maintains a detailed property, plant and equipment register. Each asset has been coded directly to an Identified Airport Activity, other business units (non-Identified Airport Activity) or allocated as follows. Fixed assets have been allocated to the following categories as appropriate:

- **Direct assets** are those assets which are directly allocated to an Identified Airport Activity based on their nature.
- **Indirect assets** are those assets that relate to a number of Identified Airport Activities, or are used in conjunction with other business units of the airport. These assets are allocated using appropriate methodology to determine the portion of the asset that relates to each Identified Airport Activity. Material asset classes and allocation methodologies are:
 - Terminal assets, including buildings have been allocated on the basis of an area analysis of terminal usage.
 - Land held for future airport development has been allocated between the various activities based on its intended future use.
 - Corporate/Office assets including plant, equipment, furniture and fittings have been allocated on the proportions of operating expenditure across the Identified Airport Activities applied in the income statement.

d) Allocation of Debt

Debt is allocated between Identified Airport Activities on the assumption that it represents the net position of the activities after all other cash flows. It represents intra-segmental borrowing.

e) Allocation of Equity

The equity position of the Identified Airport Activities is allocated with reference to the following for those activities:

- The opening level of equity.
- Adjustments for movements due to net profit less dividends.
- Adjustments for any capital issued or repaid.

26 WEIGHTED AVERAGE COST OF CAPITAL

The Company has estimated the prospective weighted average cost of capital (WACC) for its Identified Airport Activities as at 30 June 2021.

The Company has applied a post-tax WACC model. The post investor tax version of the capital asset pricing model (CAPM) has been used to estimate the appropriate cost of equity capital. The debt premium has been based on the estimated margin over the 10-year swap rate yields. The yield, and therefore the cost of debt, reflects the market conditions as at 30 June 2021. This is consistent with the approach used by the Company in aeronautical pricing.

The following table summarises the key parameters used in the Company WACC model.

	2021	2020
	Parameter	Parameter
Risk free rate – 10 year swap rate yields	1.11%	2.05%
Market risk premium	7.50%	7.00%
Company tax rate	28.00%	28.00%
Debt / (Debt + Equity)	25.00%	25.00%
Debt premium	2.50%	2.10%
Business risk factor (asset beta)	0.70	0.60
Calculated WACC	6.50%	6.05%

The Company revises its WACC periodically to coincide with its aeronautical pricing consultation processes or as required prior to a major aeronautical investment. The calculation of WACC for a particular portion of a company is subject to variables that require expert assessment and judgement.

The Company uses a generally-accepted approach to the calculation of the WACC. This represents the weighted average costs of equity (adopting the simplified version of the Brennan-Lally CAPM) plus the cost of debt, net of corporate tax deductions, as follows:

$$WACC = rD \times (1 - TC) \times (D/V) + rE \times (E/V)$$

Where:

rD = The Company's pre-tax cost of debt.

TC = The corporate tax rate.

D = The value of the Company's debt. rE=The Company's post –tax cost of equity. E=The value of the Company's equity.

V = The Company's total enterprise value, i.e. (V = E + D).

Notes to the Financial Statements

for the year ended 30 June 2021

27 METHODOLOGY USED TO DETERMINE AIRPORT CHARGES

Airport charges applying for the disclosure period in respect of airfield and terminal building use for Regular Air Transport Operations were set as at 1 July 2012.

The determination setting the charges included the following key attributes:

- A long run marginal cost model (the Model) was developed in 2012 in consultation with the Company's Substantial Customers in accordance with Section 4B of the Airport Authorities Act 1966.
- The Model derives breakeven Base Aeronautical Charges for turboprop, domestic jet and international jet operations based on the Company's WACC.
- Base Aeronautical Charges fund Identified Airport Activities existing on 1 July 2012 with the exception of those activities relating to General Aviation that are funded by their own charges.
- Substantial capital expenditure that may occur during the period covered by the Model will be subject to Development Asset Charges derived by a mechanism consulted upon during the review.
- The Model is intended to operate for nine years from 1 July 2012.
- A formal review of the aeronautical pricing, including consultation, was undertaken in May 2019 for the FY20 year, this review was to update development asset charges for differences between forecast and actual levels of passenger numbers and movements in various WACC parameters.
- In addition to the three yearly review, an annual reset is performed which updates the Development Asset (DA) Charges (capex and incremental opex). The reset involves updating passenger number forecasts, the movements in WACC parameters, actual and forecasted capital spend and any incremental opex associated with the asset. This reset has no impact on the base charge.

Landing Charges for General Aviation and Helicopters were set to balance funding for General Aviation and Helicopter facilities.

From 1 July 2021 the Company has agreed a revised pricing approach with its scheduled airline partners for a term of 3 years to 30 June 2024.

28 SCHEDULE OF AIRPORT CHARGES

a) Regular Air Transport Operations

A flight forming part of a series of flights performed by aircraft for the transport of passengers, cargo, or mail between the Airport and one or more points in New Zealand or in any other country or territory, where the flights are so regular and frequent as to constitute a systematic service, whether or not in accordance with a published timetable, and which are operated in such a manner that each flight is open to use by members of the public.

b) Maximum Certified Take-off Weight (MCTOW)

For an aircraft the lower of its maximum certified take-off weight as specified by the manufacturer (or as approved by the Civil Aviation Authority) and the maximum authorised operating weight as specified by the Company.

c) Landing Charge – General Aviation

A landing charge is payable in respect of each arriving fixed wing aircraft that is not on a Regular Air Transport Operation, based on the MCTOW of the aircraft as set out in the table below.

Aircraft MCTOW (kg)	2021 Charge (excl GST)	2020 Charge (excl GST)
0 to 1,500	\$21.25	\$21.25
1,501 – 2,000	\$32.00	\$32.00
2,001 – 4,000	\$69.25	\$69.25
4,001 – 5,700	\$111.75	\$111.75
5,701 – 8,000	\$191.50	\$191.50
8,001 – 10,000	\$244.75	\$244.75
10,001 – 15,000	\$372.50	\$372.50
15,001 – 20,000	\$521.50	\$521.50
20,001 – 25,000	\$681.25	\$681.25
25,001 – 40,000	\$904.75	\$904.75
40,001 – 45,000	\$1,011.25	\$1,011.25
45,001 and greater	\$2,022.25	\$2,022.25

Notes to the Financial Statements

for the year ended 30 June 2021

d) Landing Charge – Helicopters

For each rotary wing aircraft arriving on any part of the Airport including leased and licensed premises, a charge per landing is payable based on the helicopter's MCTOW as set out in the table below.

Helicopters MCTOW (kg)	2021 Charge (excl GST)	2020 Charge (excl GST)
0 to 1,100	\$21.25	\$21.25
1,101 – 1,500	\$32.00	\$32.00
1,501 – 2,000	\$42.50	\$42.50
2,001 – 4,000	\$69.25	\$69.25
4,001 – 5,700	\$111.75	\$111.75
5,701 – 8,000	\$191.50	\$191.50
8,001 – 10,000	\$244.75	\$244.75
10,001 – 15,000	\$372.50	\$372.50
15,001 – 20,000	\$521.50	\$521.50
20,001 – 25,000	\$681.25	\$681.25
25,001 and greater	\$904.75	\$904.75

e) Aircraft Parking Charge

For each aircraft parked in a designated aircraft parking area for a period in excess of three hours (aircraft with MCTOW greater than 5,700kg) or twenty four hours (aircraft with MCTOW at or below 5,700kg), an aircraft parking charge based on the aircraft MCTOW is payable per calendar day or part thereof as set out in the table below.

Aircraft MCTOW (kg)	2021 Charge (excl GST)	2020 Charge (excl GST)
0 to 1,500	\$20.00	\$20.00
1,501 – 2,000	\$30.00	\$30.00
2,001 – 4,000	\$55.00	\$55.00
4,001 – 5,700	\$90.00	\$90.00
5,701 – 10,000	\$250.00	\$250.00
10,001 – 20,000	\$500.00	\$500.00
20,001 – 30,000	\$1,000.00	\$1,000.00
30,001 and greater	\$1,500.00	\$1,500.00

For the purposes of aircraft parking charges, "designated aircraft parking area" means an aircraft parking area owned or leased by the Company other than an aircraft parking area which is subject to a lease or license granted by the Company.

f) Passenger Charges Regular Air Transport Operations for the period ending 30 June 2021

In response to the COVID-19 outbreak the Company did not adjust aeronautical prices from 1 July 2020.

i) Passenger Charge – International Jet Services

A charge of \$19.57 (excluding GST) per embarking and disembarking passenger (excluding transit passengers, transfer passengers, infants and positioning crew) on fixed wing aircraft operating an international service. (2020: \$19.57)

ii) Passenger Charge – Domestic Jet Services

A charge of \$9.64 (excluding GST) per embarking and disembarking Passenger (excluding infants and positioning crew) on fixed wing aircraft operating a domestic service. (2020: \$9.64)

iii) Passenger Charge – Domestic Turboprop Services

A charge of \$8.58 (excluding GST) per embarking and disembarking Passenger (excluding infants and positioning crew) on fixed wing aircraft operating a domestic service. (2020: \$8.58)

29 BAGGAGE MAKE UP CHARGES

A charge of \$0.39 (excluding GST) per departing passenger (2020: \$0.39) for use of Queenstown Airport's Baggage Make Up facility.

Baggage Make Up facility users also contribute to Specific Operating Expenses. The allocation of specific operating expenses between users is on the basis of a simple percentage calculated as:

$$\text{Percentage Cost Allocation for User A} = \frac{X}{Y}$$

Where:

$$X = \frac{\text{Total of User A's departing passenger numbers over the preceding 12 months.}}{\text{The number of months User A has operated at Queenstown Airport over the preceding 12 months.}}$$

$$Y = \text{The sum of the Xs for all users of the Baggage Make Up facility.}$$

As the Company's charges are determined on an aircraft arrival basis, the aircraft movements as required by the Airport Authorities Amendment Act 1997 are based on aircraft arrivals.

Notes to the Financial Statements

for the year ended 30 June 2021

30 LANDING STATISTICS

a) Scheduled Domestic Services

Aircraft MCTOW (kg)	Aircraft Type	2021	2020
0 to 20,000	DH8C	1	-
20,001 – 26,000	ATR72	898	887
26,001 – 56,000		-	-
56,001 – 71,000	B737-300	-	-
71,001 and greater	A320 /B737-800	4,436	4,253

b) Scheduled International Services

Aircraft MCTOW (kg)	Aircraft Type	2021	2020
0 to 71,000		-	-
71,001 and greater	A320 /B737-800	184	2,241

c) Other Landings

Aircraft MCTOW (kg)	Aircraft Type	2021	2020
All weights		14,291	15,185

d) Passengers

Class of passenger	2021	2020
Passengers arriving and departing on domestic flights	1,311,587	1,287,109
Passengers arriving and departing on international flights	25,280	583,219

31 INTERRUPTIONS TO SERVICES

There were no planned or unplanned disruptions during the period (2020: Nil).



INDEPENDENT ASSURANCE REPORT

TO THE DIRECTORS OF QUEENSTOWN AIRPORT CORPORATION LIMITED

REPORT ON QUEENSTOWN AIRPORT CORPORATION LIMITED'S DISCLOSURE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

The Auditor-General is the auditor of Queenstown Airport Corporation Limited (the company). The company is required by the Airport Authorities (Airport Companies Information Disclosure) Regulations 1999 (the Regulations) to prepare disclosure financial statements for the company's identified airport activities.

The Auditor-General has appointed me, Mike Hawken, using the staff and resources of Deloitte Limited, to provide a conclusion, in accordance with the Regulations, on the company's disclosure financial statements. The disclosure financial statements comprise:

- financial statements only for the identified airport activities, and not for the other activities of the company, prepared in accordance with generally accepted accounting practice; and
- additional information as specified in section 9 and Schedule 2 of the Regulations.

Unqualified Conclusion

It is our conclusion that the disclosure financial statements on pages 3 to 30 are fairly reflected, in all material respects with the Regulations, and comply, in all material respects, with generally accepted accounting practice in New Zealand.

Our work was completed on 12 November 2021. This is the date at which our conclusion is expressed.

The limitations and use of this report is explained below. In addition, we explain the responsibilities of the Board of Directors and our responsibilities, and explain our independence.

Limitations and use of this report

This independent assurance report has been prepared solely for the Directors of the company in accordance with our responsibilities under the Regulations. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the Directors of the company, or for any purpose other than that for which it was prepared.

The Regulations require the disclosure financial statements to include financial statements only for the company's identified airport activities, which are part of the annual financial statements that we have previously audited. Other than as expressly stated below, we have not carried out any additional procedures on the financial statements for the company's identified airport activities since signing our audit report on the company's annual financial statements on 16 August 2021 which contained an unmodified opinion. Explanation of the scope of our audit engagement on the company's annual financial statements and performance information is contained in that audit report.

Because of the inherent limitations in evidence gathering procedures, it is possible that fraud, error or non-compliance might occur and not be detected.

Responsibilities of the Board of Directors

The Board of Directors is responsible for preparing disclosure financial statements that comply with the guidelines issued under the Regulations, and subject to the Regulations, 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 the preparation of disclosure financial statements that are free from material misstatement, whether due to fraud or error.

The Board of Directors is also responsible for the publication of the disclosure financial statements, whether in printed or electronic form.

Our responsibilities

We are responsible for expressing an independent conclusion on the disclosure financial statements and reporting that conclusion to you based on our work. Our responsibility arises from the Regulations and from the Public Audit Act 2001.

We have carried out our engagement in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised): *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* which has been issued by the External Reporting Board. A copy of this standard is available on the External Reporting Board's website.

Our work has been carried out to obtain reasonable assurance about whether the disclosure financial statements are free from material misstatement, and have been prepared in accordance with the Regulations, in all material respects. Material non-compliance with the Regulations relates to differences or omissions of amounts and disclosures that would affect an overall understanding of the disclosure financial statements. If we had found material non-compliance that was not corrected, we would have referred to the non-compliance in our conclusion.

The Regulations require the disclosure financial statements to include financial statements for the company's identified airport activities, which are only part of the annual financial statements that we have previously audited.

The financial statements for the company's identified airport activities included in the disclosure financial statements have been extracted from the underlying accounting records of the company, and our work on them was limited to:

- Obtaining an understanding of how the company has met the requirements of the Regulations to determine its identified airport activities.
- Obtaining an understanding of how the company has determined its allocation methodology which has been used to allocate shared expenditure, assets, debt and equity balances.
- Evaluating how the allocation methodology has been applied by testing the allocation of shared expenditure, assets, debt and equity balances.
- Agreeing the amounts and disclosures in the disclosure financial statements to the company's underlying records, and to the company's audited annual financial statements, where appropriate.

We also performed procedures to obtain evidence about the amounts and disclosures in the additional information included in the disclosure financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the additional information, whether due to fraud or error or non-compliance with the Regulations. In making those risk assessments, we considered internal control relevant to the company's preparation of the additional information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

We did not examine every transaction, nor do we guarantee complete accuracy of the disclosure financial statements. Also we did not evaluate the security and controls over the electronic publication of the disclosure financial statements.

Independence and quality control

When carrying out this engagement, we complied with the Auditor-General's:

- independence and other ethical requirements, which incorporate the independence and ethical requirements of Professional and Ethical Standard 1 issued by the New Zealand Auditing and Assurance Standards Board; and
- quality control requirements, which incorporate the quality control requirements of Professional and Ethical Standard 3 (Amended) issued by the New Zealand Auditing and Assurance Standards Board.

Other than this engagement carried out under the Regulations, and our audit of the company's annual financial statements and performance information, we have no relationship with or interests in the company.



Mike Hawken

Partner

for Deloitte Limited

On behalf of the Auditor-General

Dunedin, New Zealand