

**Whangarei District Airport  
Financial statements  
for the year ended  
30 June 2021**

# Whangarei District Airport Financial statements - 30 June 2021

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## Entity Information

### Legal name

Whangarei District Airport (the Airport).

### Type of entity and legal basis

The Airport is a Council controlled organisation as defined under section 6 of the Local Government Act 2002. The Airport is administered by the Whangarei District Council in a joint venture operation with the Ministry of Transport and is domiciled in New Zealand.

The Airport acts as a gateway to the Whangarei District and Northland, and is provided for the use of visitors, residents and ratepayers of the Whangarei District.

### The Airport's purpose

The Airport's primary objective is to operate a fully serviceable airport for the use of visitors, residents and ratepayers of the Whangarei District.

### Structure of the Airport's operations, including governance arrangements

The Whangarei District Council has overall responsibility for the management and governance of the Airport. Council is delegated the responsibility of Governance, while the operational management of the Airport is controlled by way of a contract with Northland Aviation Limited.

### Main sources of the Airport's cash and resources.

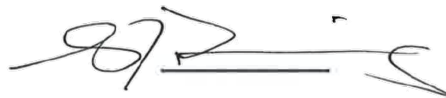
Revenue from operations are the primary sources of funding to the Airport.

### Authorisation

The Board of Whangarei District Airport authorised these financial statements presented on the following pages 3 to 12 and the performance information on pages 13 to 14.



S Mai  
Mayor



S Deeming  
Chair - Strategy, Planning & Development  
Committee

**Whangarei District Airport**  
**Statement of financial performance**  
**For the year ended**  
**30 June 2021**

**Statement of financial performance**  
**For the year ended 30 June 2021**

	Note	2021 Actual \$	2021 Budget \$	2020 Actual \$
<b>Revenue</b>				
Revenue from operations	3	682,522	417,838	622,975
Interest revenue		1,265	500	4,049
<b>Total revenue</b>		<b>683,787</b>	<b>418,338</b>	<b>627,024</b>
<b>Expenditure</b>				
Repairs and maintenance		121,863	102,000	73,465
Management fee		317,200	328,982	284,020
Depreciation and amortisation	8	208,121	221,624	206,396
Other expenses	4	224,986	174,656	257,588
<b>Total operating expenditure</b>		<b>872,160</b>	<b>827,262</b>	<b>821,469</b>
<b>Surplus/(deficit) before tax</b>		<b>(188,373)</b>	<b>(408,924)</b>	<b>(194,445)</b>
Income tax expense	5	-	-	-
<b>Surplus/(deficit) after tax</b>		<b>(188,373)</b>	<b>(408,924)</b>	<b>(194,445)</b>

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

**Whangarei District Airport  
Statement of financial position  
As at 30 June 2021**

**Statement of financial position  
As at 30 June 2021**

	Note	2021 Actual \$	2021 Budget \$	2020 Actual \$
<b>ASSETS</b>				
<b>Current assets</b>				
Bank accounts and cash	6	415,420	656	396,989
Debtors	7	57,055	66,609	75,021
Provision for income tax		-	-	-
<b>Total current assets</b>		<u>472,475</u>	<u>67,165</u>	<u>472,010</u>
Property, plant and equipment	8	4,117,934	4,149,707	4,304,087
<b>Total non-current assets</b>		<u>4,117,934</u>	<u>4,149,707</u>	<u>4,304,087</u>
<b>Total assets</b>		<u>4,590,409</u>	<u>4,216,872</u>	<u>4,776,097</u>
<b>LIABILITIES</b>				
Creditors and other payables	9	183,529	77,220	180,844
<b>Total current liabilities</b>		<u>183,529</u>	<u>77,220</u>	<u>180,844</u>
<b>Non-current liabilities</b>		-	-	-
<b>Total non-current liabilities</b>		-	-	-
<b>Total liabilities</b>		<u>183,529</u>	<u>77,220</u>	<u>180,844</u>
<b>ASSETS LESS LIABILITIES</b>		<u>4,406,880</u>	<u>4,139,652</u>	<u>4,595,253</u>
<b>ACCUMULATED FUNDS</b>				
Retained earnings	10	1,123,688	856,460	1,312,061
Contributed Capital	10	3,283,192	3,283,192	3,283,192
<b>Total equity</b>		<u>4,406,880</u>	<u>4,139,652</u>	<u>4,595,253</u>

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

**Whangarei District Airport  
Cash flow statement  
For the year ended  
30 June 2021**

**Cash flow statement  
For the year ended 30 June 2021**

	<b>2021 Actual \$</b>	<b>2020 Actual \$</b>
<b>Cash flows from operating activities</b>		
Revenue from operations	704,810	621,918
Interest received	<u>1,511</u>	<u>4,400</u>
	<b><u>706,321</u></b>	<b><u>626,318</u></b>
<b>Cash was applied to / from</b>		
Payments to suppliers	(674,759)	(524,939)
Income tax paid	-	-
Goods and services tax (net)	<u>8,837</u>	<u>(5,431)</u>
Total cash provided to operating activities	<b><u>665,922</u></b>	<b><u>530,370</u></b>
<b>Net cash flow from operating activities</b>	<b><u>40,399</u></b>	<b><u>95,948</u></b>
Purchase and development of property, plant and equipment	<u>(21,968)</u>	<u>(67,367)</u>
<b>Net cash flow from investing activities</b>	<b><u>(21,968)</u></b>	<b><u>(67,367)</u></b>
Net (decrease)/increase in cash, cash equivalents, and bank overdrafts	<b>18,431</b>	<b>28,581</b>
<b>Bank accounts and cash, and bank overdrafts at the beginning of the year:</b>	<b><u>396,989</u></b>	<b><u>368,408</u></b>
<b>Cash, cash equivalents, and bank overdrafts at the end of the year</b>	<b><u>415,420</u></b>	<b><u>396,989</u></b>

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

## **1 Statement of accounting policies for the year ended 30 June 2021**

### **1.1 Reporting entity**

The Whangarei District Airport is a Council controlled organisation as defined under section 6 of the Local Government Act 2002. The Airport is administered by the Whangarei District Council in a joint venture operation with the Ministry of Transport and is domiciled in New Zealand.

## **2 Significant accounting policies**

### **2.1 Basis of preparation**

**All transactions in the financial statements are reported using the accrual basis of accounting.**

All transactions in the financial statements are reported using the accrual basis of accounting.

The financial statements are prepared on the assumption that the Airport will continue to operate in the foreseeable future.

The Board has elected to apply PBE SFR-A (PS) Public Benefit Entity Simple Format Reporting Accrual (Public Sector) on the basis that the Airport does not have public accountability (as defined) and has total annual expenses of less than \$2 million.

### **Goods and services tax**

The Airport is registered for GST. All amounts in the financial statements are recorded exclusive of GST, except for debtors and creditors, which are stated inclusive of GST.

### **Functional and presentation currency**

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar (\$) . The functional currency of the Entity is New Zealand dollars.

The financial statements are presented in New Zealand dollars.

### **2.2 Revenue and expenses**

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services, excluding Goods and Services Tax, rebates and discounts. Revenue is recognised as follows:

#### **(i) Grants**

Council, government, and non-government grants are recognised as revenue when the funding is received unless there is an obligation to return the funds if conditions of the grant are not met ("use or return condition"). If there is such an obligation, the grant is initially recorded as a liability and recognised as revenue when conditions of the grant are satisfied.

#### **(ii) Interest Income**

Interest revenue is recorded as it is earned during the year.

#### **(iii) Sale of services**

Revenue from the sale of services is recognised when the services are provided to the customer.

#### **(iv) Administration, overheads and other costs.**

These are expensed when the related service has been received.

### **2.3 Income tax**

Tax expense is calculated using the taxes payable method. As a result, no allowance is made for deferred tax. Tax expense includes the current tax liability and adjustments to prior year tax liabilities.

### **2.4 Bank accounts and cash**

Bank accounts and cash include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown as current liabilities in the statement of financial position.

## **2 Significant accounting policies (continued)**

### **2.5 Debtors**

Debtors are initially recorded at the amount owed. When it is likely the amount owed (or some portion) will not be collected, a provision for impairment is recognised and the loss is recorded as a doubtful debt expense.

### **2.6 Property, plant and equipment**

Property, plant, and equipment is recorded at cost, less accumulated depreciation and impairment losses.

#### **(i) Asset sales**

For an asset to be sold, the asset is impaired if the market price for an equivalent asset falls below its carrying amount.

#### **(ii) Use of assets**

For an asset to be used by the Airport, the asset is impaired if the value to the Airport in using the asset falls below the carrying amount of the asset.

#### **Depreciation**

Depreciation is provided on a straight-line basis at rates that will write off the cost of the assets over their useful lives. The useful lives of major classes of assets have been estimated as follows:

<b>Class of PP&amp;E</b>	<b>Estimated useful life</b>
Land	Indefinite
Airside	0-140 years
Buildings	4-40 years
Landside	0-140 years
Sundries	5-67 years
Services	0-40 years

### **2.7 Investments**

**Investments comprise investments in terms deposits with banks.**

Deposits with banks are initially recorded at the amount paid. If it appears that the carrying amount of the investment will not be recovered, it is written down to the expected recoverable amount.

### **2.8 Creditors and accrued expenses**

Creditors and accrued expenses are measured at the amount owed.

### **2.9 Lease expense**

Lease payments are recognised as an expense on a straight-line basis over the lease term.

### **2.10 Tier 2 PBE Accounting Standards applied**

The Airport has not applied any Tier 2 Accounting Standards in preparing its financial statements.

### **2.11 Changes in Accounting Policies**

There are no changes in accounting policies.



**Whangarei District Airport**  
**Notes to the financial statements**  
**30 June 2021**  
(continued)

**3 Revenue from operations**

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Landing fees	298,596	227,838	289,699
Rent received	212,052	128,000	190,289
Operating expenses recoveries	46,687	20,000	33,930
Other recoveries	-	-	7,436
Other revenue	7,776	2,000	4,279
Parking Revenue	<u>117,411</u>	<u>40,000</u>	<u>97,342</u>
<b>Total revenue from operations</b>	<b><u>682,522</u></b>	<b><u>417,838</u></b>	<b><u>622,975</u></b>

**4 Other expenses**

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Cleaning	20,682	22,500	17,923
Electricity	30,652	35,000	32,707
Auditors fees	21,760	24,000	22,536
Other expenses	151,850	93,156	184,148
Loss on disposals of PPE	-	-	5
Bad debts written off	600	-	302
Movement in doubtful debt provision	<u>(658)</u>	<u>-</u>	<u>(33)</u>
<b>Total other expenses</b>	<b><u>224,986</u></b>	<b><u>174,656</u></b>	<b><u>257,588</u></b>

**5 Income tax**

	2021 Actual \$	2020 Actual \$
<b>Relationship between tax expense and accounting profit</b>		
Accounting surplus/(deficit) before tax	(188,373)	(194,445)
Plus / (Less): adjustment for non-tax deductible items	<u>-</u>	<u>(1,795)</u>
<b>Taxable surplus (deficit)</b>	<b><u>(188,373)</u></b>	<b><u>(196,240)</u></b>
Tax at 28%	(52,744)	(54,947)
Plus/(less) tax effect of:		
Tax losses utilised	52,744	54,947
Tax losses carried forward	<u>-</u>	<u>-</u>
<b>Tax expense</b>	<b><u>-</u></b>	<b><u>-</u></b>

**Whangarei District Airport**  
**Notes to the financial statements**  
**30 June 2021**  
(continued)

**6 Bank accounts and cash**

	<b>2021</b>	<b>2020</b>
	<b>Actual</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>
Bank deposits	266,007	224,504
Bank balances	<u>149,413</u>	<u>172,485</u>
<b>Total bank accounts and cash</b>	<b><u>415,420</u></b>	<b><u>396,989</u></b>

**Cash at bank and on hand**

The carrying value of cash at bank and short-term deposits with maturities less than three months approximates their fair value.

**7 Debtors and other receivables**

	<b>2021</b>	<b>2020</b>
	<b>Actual</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>
Debtors and other receivables	57,055	75,579
Provision for doubtful receivables	<u>-</u>	<u>(558)</u>
<b>Net debtors</b>	<b><u>57,055</u></b>	<b><u>75,021</u></b>

**8 Property, plant and equipment**

	Land \$	Landside \$	Buildings \$	Airside \$	Services \$	Sundries \$	Total \$
<b>Year ended Actual 2020</b>							
Opening carrying amount	810,000	515,047	755,452	2,210,412	36,374	115,836	4,443,121
Additions	-	-	-	67,367	-	-	67,367
Loss on disposal	-	-	-	(5)	-	-	(5)
Depreciation charge	-	(28,924)	(48,394)	(107,267)	(2,491)	(19,320)	(206,396)
<b>Balance at 30 June 2020</b>	<u>810,000</u>	<u>486,123</u>	<u>707,058</u>	<u>2,170,507</u>	<u>33,883</u>	<u>96,516</u>	<u>4,304,087</u>
<b>2021</b>							
<b>Year ended 30 June 2021</b>							
Opening balance	810,000	486,123	707,058	2,170,507	33,883	96,516	4,304,087
Additions	3,867	-	-	15,600	-	2,500	21,967
Depreciation charge	-	(28,538)	(51,507)	(106,967)	(2,489)	(18,619)	(208,120)
<b>As at 30 June 2021</b>	<u>810,000</u>	<u>457,585</u>	<u>655,551</u>	<u>2,079,140</u>	<u>31,394</u>	<u>80,397</u>	<u>4,117,934</u>

The additions were: terminal windows and baggage trolleys  
There are no restrictions over the title of the Airport's property, plant and equipment, nor is any property, plant and equipment pledged as security for liabilities.

## 9 Creditors and accrued expenses

	2021 Actual \$	2020 Actual \$
Accrued expenses	126,580	109,520
Trade creditors and other payables	13,665	37,829
Rents in advance	<u>43,284</u>	<u>33,495</u>
<b>Total creditors and accrued expenses</b>	<b><u>183,529</u></b>	<b><u>180,844</u></b>

Creditors and accrued expenses are non-interest bearing and normally settled 30 day terms. Therefore the carrying value of creditors, accrued expenses and rents in advance approximate their fair value.

## 10 Equity

	2021 Actual \$	2020 Actual \$
Retained earnings	1,123,688	1,312,061
Contributed Capital	<u>3,283,192</u>	<u>3,283,192</u>
<b>Balance at 30 June 2021</b>	<b><u>4,406,880</u></b>	<b><u>4,595,253</u></b>

	2021 Actual \$	2020 Actual \$
<b>Retained Earnings</b>		
Balance at 1 July 2020	1,312,061	1,506,506
Surplus/(deficit) for the year	<u>(188,373)</u>	<u>(194,445)</u>
<b>Balance at 30 June 2021</b>	<b><u>1,123,688</u></b>	<b><u>1,312,061</u></b>

	2021 Actual \$	2020 Actual \$
<b>Contributed Capital</b>		
Loans Repaid	256,512	256,512
Local Community	12,500	12,500
Ministry of Transport	1,987,834	1,987,834
Whangarei District Council	<u>1,026,346</u>	<u>1,026,346</u>
<b>Balance at 30 June 2021</b>	<b><u>3,283,192</u></b>	<b><u>3,283,192</u></b>

## 11 Contingencies

The Airport has no contingent liabilities (2020: nil) and no contingent assets (2020: nil).

## 12 Commitments

The Airport has no capital commitments (2020: \$Nil).

### **13 Related party transactions**

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect the Airport would have adopted in dealing with the party at arm's length in the same circumstances.

All related party transactions have been entered into at arm's length.

### **14 Events occurring after the balance date**

**Rescue Fire Service Update:** The requirement for a Rescue and Firefighting Service (RFS) to maintain the Whangarei District Airport's compliance with CAA certification status was triggered during the 21/22 financial year. Preliminary work to implement an RFS commenced in late 2021 and went live on 18 April 2022. The provision of a RFS is a requirement for the airport to grow air services to and from Whangarei. Under the 1963 Joint Venture (JV) Deed, the Crown is responsible for the capital costs (CAPEX) to set-up the RFS.

### **15 Statutory Reporting Deadline**

The Whangarei District Airport was required under section 67(5) of the Local Government Act 2002 to complete its audited financial statements and service performance information by 30 November 2021. This timeframe was not met because Audit New Zealand was unable to complete the audit within this timeframe due to an auditor shortage and the consequential effects of Covid-19, including lockdowns.

### **16 Explanation of major variances against budget**

Section 64 of the Local Government Act requires a Council Controlled Organisation to prepare a Statement of Intent that complies with Clause 9 of Schedule 8.

**Revenue:** Reflected a favourable variance against budget as the recovery of Covid-19 was better than anticipated.

**Expenses:** Additional professional fees for the SMS implementation resulted in some unfavourable variances against budget. These were offset by savings in electricity which was turned off during the lock down period.

### Performance Information

The Whangarei District Airport has a total of six key performance measures which includes 10 targets for 2021. In the 2020/21 financial year six targets have been exceeded, with one progressing, two targets not met, and one unable to be measured.

No	Performance Measure	2020/2021 Target	Result 2021	Result 2020	Financial Results/Comments			
1	To operate to financial budget	Actual spend less than or equal to budget			Actual 2021	Budget 2021	Actual 2020	
			Target met	Target not met	\$683,787	\$418,338	\$627,024	
			Target not met	Target met	\$872,160	\$827,262	\$821,469	
			Refer to note 16 for explanations of significant variances against budget.					
2 (3 FY20)  new FY21	To be a good employer	Maintain >75% user satisfaction through achieving satisfactory and very satisfactory ratings on the annual user survey.  Maintain employee development initiatives	Target met	Not measured	The Airport User Survey was run on the Survey Monkey platform. 146 surveys were completed. A range of quantitative and qualitative questions were asked. The key overall satisfaction question (Q9: Overall can you rate your overall impression/experience of your visit to the Whangarei airport today) was answered 'satisfactory' or 'very satisfactory' by 93% of survey respondents. The 2020 survey result was not measured as WDA were unable to conduct the annual user survey due to the Covid-19 lockdown.  Whilst the airport doesn't actually employ anyone. All management employees have had training on a regular basis. All 5 have completed a level 2 certificate in airport safety via ITO Service I.Q.			
3	To exhibit a sense of social and environmental responsibility	Maintain best practise noise management process  Explore suitability opportunities	Target met	n/a	No contour report compiled this year but due to nil increase in operations. It is clear we will be well within compliance.  Opportunities to explore were limited due to the airport dealing with the impacts of COVID-19. This area will be further addressed in future years.			

Whangarei District Airport  
Performance Information  
30 June 2021  
(continued)

No	Performance Measure	2020/2021 Target	Result 2021	Result 2020	Comment
4 (2 and 4 FY20)	Health and safety standards are promoted and maintained	Maintain Airport Certification by continuing to meet certification standards required by the Civil Aviation Authority	Target met	Target met	No audit was completed by the CAA this past 12 months. However our own independent auditor has carried out an audit against the CAA rules our operation exposition and Safety Management System and has reported to the CEO. No concerns were noted.
6	Airport operation will meet the needs of aviation operators and their customers	Meet required legislative timeframes under the LGA and CAA  Implement an effective Safety Management System (SMS)  Achieve overall decline in incidents	Not achieved  Target met  In progress	Target met  Target met  In progress	Refer to note 15. Statutory Reporting Deadline.  Annual management review, annual training schedule held every ten weeks, three operator meetings held during the year.  Comprehensive data is not available for prior years as the SMS implementation was only completed in December 2019, hence an increasing or decreasing trend is not yet established. The wording for this measure will also be tweaked in future years, as the focus is on ensuring all incidents are captured in the SMS, rather than focusing on a decline. Incident reporting across the airport has significantly improved since the SMS was implemented.
5	To operate a fully serveable District Airport	To encourage new business development and existing business expansion by engaging alternative aviation and airport service providers and enabling business to grow through lease management and land use consent process.	In progress	In progress	One tenant was lost during the year (Thrifty), however the airport has gained two hangar site tenants

## **Independent Auditor's Report**

### **To the readers of Whangarei District Airport's financial statements and performance information for the year ended 30 June 2021**

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

We have audited:

- the financial statements of the Airport on pages 3 to 12, that comprise the statement of financial position as at 30 June 2021, the statement of financial performance and the cash flow statement for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the Airport on pages 13 to 14.

## **Opinion**

### **Unmodified opinion on the financial statements**

In our opinion:

- the financial statements of the Airport on pages 3 to 12:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2021; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Public Sector) Standard.



## **Qualified opinion on the performance information**

- In our opinion, except for the matter described in the *Basis for our opinion* section of our report, the performance information of the Airport on page 13 presents fairly, in all material respects, the Airport's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Airport's objectives, for the year ended 30 June 2021.

### ***Our audit was completed late***

Our audit was completed on 8 September. This is the date at which our opinion is expressed. We acknowledge that our audit was completed later than required by section 67(5) of the Local Government Act 2002. This was due to an auditor shortage in New Zealand and the consequential effects of Covid-19, including lockdowns.

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

## **Basis for our opinion**

### ***Performance information: The Airport was not able to report user satisfaction levels in the prior year***

The level of user satisfaction is an important part of the performance information because it is indicative of the quality of the service provided by the Airport. As explained on page 13 of the annual report, the annual survey to determine user satisfaction levels could not be completed for the year ended 30 June 2020, which is presented as comparative information, due to the Covid-19 pandemic lockdown. As a result, our audit report on the performance information for the year ended 30 June 2020 was qualified because the Airport was unable to report against the user satisfaction target for that year. Our audit report on the performance information for the year ended 30 June 2021 is qualified because of the effect of this matter on the comparability of the current year and prior year reported performance.

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

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

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

## **Responsibilities of the Council for the financial statements and the performance information**

The Council of Whangarei District Council (the Council) is responsible on behalf of the Airport for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Council is also responsible for preparing the performance information for the Airport.

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

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

The Council's responsibilities arise from the Local Government Act 2002 and the Airport Deed.

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

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

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

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

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

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

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material

misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Airport's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We evaluate the appropriateness of the reported performance information within the Airport's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Airport's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Airport to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

### **Other Information**

The Council is responsible for the other information. The other information comprises the information included on page 2, but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on

our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Independence**

We are independent of the Airport in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

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



**Carl Wessels**  
**Audit New Zealand**  
**On behalf of the Auditor-General**  
**Auckland, New Zealand**