



**PALMERSTON NORTH  
AIRPORT LIMITED**

# **Palmerston North Airport Limited**

## **Interim Report to 31 December 2022**

# Company Directory

## Directors

M Georgel – Chair  
S Mitchell-Jenkins  
G Gillespie  
C Cardwell  
S Laurence

## Management

D Lanham	Chief Executive
O Pierre	Chief Commercial Officer
J Baker	Chief Financial Officer
A Fechney	Safety and Operations Manager
M Dahlan	Capital Projects & Asset Manager
B Lawry	Terminal and Facilities Manager
T Cooney	Airfield Operations Manager

## Registered Office

Palmerston North Airport  
Terminal Building  
Airport Drive  
PALMERSTON NORTH 4442

Phone: +64 6 351 4415  
E-mail: [info@pnairport.co.nz](mailto:info@pnairport.co.nz)  
Web: [www.pnairport.co.nz](http://www.pnairport.co.nz)

## Trading Bankers

Bank of New Zealand

## Legal Advisors

CR Law

## Auditors

Audit New Zealand (on behalf of The Auditor-General)

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# JOINT REPORT OF THE CHAIR & CHIEF EXECUTIVE

## FOR THE SIX MONTHS ENDING 31 DECEMBER 2022

A recovery in passenger volumes drove first half performance with a total of 276,000 passenger movements recorded. The rebound has provided the basis for a recovery in income levels to December 2022, 22% ahead of budget. Increased airport activity has impacted on costs which are 3% up on budget to December 22, after adjusting for a deferred runway maintenance treatment which will now occur in H2.

Against the backdrop of recovering passenger volumes and financial performance the team continued to progress our program of re-investment in our customers. This included advancing plans for the terminal redevelopment, a new wayfinding/ signage strategy and further carpark improvements, and we achieved a pleasing Net Promoter score of 45 for the 6 month period, 15 basis points ahead of the SOI target.

During the period, PNAL maintained Rule Part 139 compliance, and continued our record of zero lost time injuries. The third team engagement survey was undertaken and again highlighted strong engagement, benefitting from further investment in our OneTeam wellness program. Three new team members joined PNAL during the period Alex Fechny in the newly created Safety & Operations Manager role, Baylie Corney – Marketing & Business Support Co-ordinator and Customer Services Executive Rebecca Sharp.

Our mahi on sustainability continued with the team progressing towards Level 4 accreditation with the Airports Council International's Airport Carbon Accreditation (ACA) program. PNAL's natural gas powered boiler was decommissioned and has been replaced with an energy efficient electric system, greatly assisting our decarbonization efforts. Waste to landfill and water consumption initiatives continued. We were delighted to be awarded the Qualmark Gold Sustainable Tourism Business Award, the first airport operator in New Zealand to achieve this accolade. The award recognises our commitment to sustainability, our people, health & safety and business practices.

Income generated during the half year of \$6.4 million was 22% or \$1.4 million ahead the SOI, with aeronautical income the primary driver.

After adjusting for a runway maintenance program now deferred to February/March 2023 total expenditure of \$3.84 million was 3% or \$0.13 million above SOI. Major contributors to the cost variations include legal expenses and employee remuneration.

	Actual	SOI
Half-Year Net Profit Before Tax	\$2.32m	\$0.2m
Less: Deferred Runway Maintenance	\$0.80m	\$-
Less: Gain on Land Sale Delayed from FY22	\$0.37m	\$-
<b>Normalised Half-Year Net Profit Before Tax</b>	<b>\$1.15m</b>	<b>\$0.2m</b>

Notwithstanding the first half performance we remain wary of potential adverse impacts on further recovery. However on the basis that recovery continues at present levels we are predicting 534,000 passenger movements for the full year to 30 June 2023, an increase of 16% versus the SOI target of 459,000 passenger movements. On this basis income of \$12.4 million is forecast for the full year, 25% above the SOI, and 30% above the prior year. Total year-end expenditure is forecasted at \$7.0 million, 8% above the SOI, and 9% above the prior year.

A Net Surplus after Taxation of \$2.25 million, is forecasted, 202% ahead of SOI and 170% ahead of the prior year (excl revaluation gains on investment property).

While a net surplus is predicted, PNAL is about to enter a period of unprecedented investment in essential infrastructure, estimated at \$52.3 million over the next three years. Cash preservation and management therefore remains critical.

Investments include the proposed terminal redevelopment, planning for the development of a 6,000 m<sup>2</sup> warehouse for freight & logistics clients, a semi-covered pickup and drop-off area and other enhancements for carpark users, and the ongoing investment in asset management planning and critical airside infrastructure.

The terminal redevelopment, with an estimated price tag of \$40 million, represents the single largest investment PNAL has ever made. This price tag represents a significant increase on previous cost estimates, largely resulting from further analysis indicating that a new build is required, rather than a simple refresh of the existing terminal.

The terminal redevelopment is now overdue, and an unavoidable spend which ensures operational and seismic resilience, while also future proofing the terminal to accommodate growth in passenger volumes and enhance the customer experience. The redevelopment will also cater for the introduction of passenger and hold-bag screening, thereby allowing the reintroduction of jet services and ensuring Palmerston North Airport is ready should mandatory screening be introduced at Regional airports.

The level of funding required to achieve these non-negotiable objectives is also unprecedented at over \$50 million. While PNAL is not seeking direct financial support from our Shareholder, given the residual uncertainty around recovery and the associated financial risks these projects and forecasted debt levels bring, PNAL is seeking Shareholder support in the form of a continuation of the dividend suspension until the terminal redevelopment project has been completed in FY26.



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Murray George  
*Chair*



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David Lanham  
*Chief Executive*

# STATEMENT OF SERVICE PERFORMANCE

The Company's Statement of Intent is dated 26 May 2022.

The Company is trading as Palmerston North Airport Limited.

Palmerston North Airport Limited has been maintained as an airport certificated pursuant to Civil Aviation Rule Part 139 and has achieved satisfactory audits during the period.

All obligations under the Resource Management Act and the District Plans of the Palmerston North City Council and Manawatu District Council have been met.

<b>Performance Metrics</b>	<b>Dec 2022 6 months</b>	<b>Dec 2021 6 months</b>	<b>SOI Target 6 months</b>
A ratio of surplus before interest/tax/depreciation to total assets	3.1%	1.4%	1.4%
A ratio of net surplus after tax to consolidated shareholders' funds inclusive of revaluation reserve	2.0%	0.1%	0.2%
To maintain a ratio of consolidated shareholders funds to total assets of at least 40%	77.0%	75.6%	73.3%
To maintain an interest coverage ratio of EBITDA to interest of at least 2.5	11.0	5.0	4.3
To maintain a tangible net worth (total tangible assets after revaluations less total liabilities) above \$50m	\$84.7m	\$68.3m	\$69.1m
Maintain a Net Promoter Score of 30 or above	45	27	30
Total Passenger movements	275,896	141,350	232,255
Zero lost time injuries	Zero	Zero	Zero
Maintain CAA Part 139 certification	Maintain	Maintain	Maintain
Net Debt* / EBITDA less than 4.5 (long term target)	3.6	N/A	8.7
Funds from Operations (FFO**) / Net Debt greater than 11% (long term target)	20%	N/A	8%

\*Net Debt equals total borrowings less cash on hand

\*\*FFO equals EBITDA less interest less tax

# STATEMENT OF FINANCIAL PERFORMANCE

For Six Months Ended 31 December 2022

	Note	31 Dec 22 6 Months Unaudited	31 Dec 21 6 Months Unaudited	30 June 23 12 Months SOI	30 June 22 12 Months Audited
<b>Revenue</b>	4	<b>6,414,957</b>	<b>3,864,169</b>	<b>9,919,595</b>	<b>9,485,265</b>
<b>Operating Expenses</b>					
Airfield Services		265,425	321,937	560,088	578,808
Other Operating Expenses	5	1,048,012	913,695	2,972,544	1,813,308
<b>Total Operations and Maintenance</b>		<b>1,313,437</b>	<b>1,235,632</b>	<b>3,532,632</b>	<b>2,392,116</b>
<b>Administration Expenses</b>					
Audit Fees		27,287	27,028	54,576	52,159
Bad Debts Written Off		-	-	-	15
Changes in Doubtful Debt Provision		(7,635)	(7,635)	5,000	-
Directors' Fees		67,500	55,500	157,752	112,087
Employee Expenses	6	976,245	761,497	1,783,824	1,499,390
Administration		622,952	400,950	785,350	918,094
Marketing		39,464	83,009	202,992	144,526
Cost of Goods Sold		-	-	-	1,253,184
<b>Total Administration</b>		<b>1,725,813</b>	<b>1,320,349</b>	<b>2,989,494</b>	<b>3,979,455</b>
<b>Total Operating Expenses</b>		<b>3,039,250</b>	<b>2,555,981</b>	<b>6,522,126</b>	<b>6,371,571</b>
Extraordinary Items	17	-	41,336	50,000	56,127
<b>Operating Surplus Before Interest, Depreciation &amp; Taxation (EBITDA)</b>		<b>3,375,707</b>	<b>1,266,852</b>	<b>3,347,469</b>	<b>3,057,567</b>
<b>Finance Costs &amp; Depreciation</b>					
Finance Costs		307,167	253,625	688,538	533,993
Depreciation	14	1,078,145	896,969	1,624,121	1,804,457
(Gain) / Loss on Sale of Assets		(327,502)	4,545	-	4,545
<b>Total Finance Costs &amp; Depreciation</b>		<b>1,057,810</b>	<b>1,155,139</b>	<b>2,312,659</b>	<b>2,342,995</b>
Revaluation Gain - Investment Properties		-	-	-	545,772
<b>Operating Surplus Before Taxation</b>		<b>2,317,897</b>	<b>111,713</b>	<b>1,034,810</b>	<b>1,260,344</b>
Taxation Expense on Operating Surplus	8	649,011	31,282	289,748	(119,158)
<b>Net Surplus After Taxation</b>		<b>1,668,886</b>	<b>80,430</b>	<b>745,062</b>	<b>1,379,502</b>

For and on behalf of the Board

  
 Murray Georgel - Chair  
 Date: 27/02/2023

  
 Shelly Mitchell-Jenkins - Director  
 Date: 27/02/2023

# STATEMENT OF COMPREHENSIVE INCOME

For Six Months Ended 31 December 2022

<i>Note</i>	<i>31 Dec 22 6 Months Unaudited</i>	<i>31 Dec 21 6 Months Unaudited</i>	<i>30 June 23 12 Months SOI</i>	<i>30 June 22 12 Months Audited</i>
<b>Net Surplus After Taxation</b>	<b>1,668,886</b>	<b>80,430</b>	<b>745,062</b>	<b>1,379,502</b>
Gains on revaluation of land and buildings	-	-	-	16,983,720
Movement in deferred tax	-	-	-	(3,638,278)
Reversal of valuation surplus on disposal	-	-	-	-
<b>Comprehensive Income Attributed to the Shareholder</b>	<b>1,668,886</b>	<b>80,430</b>	<b>745,062</b>	<b>14,724,943</b>

# STATEMENT OF CHANGES IN EQUITY

For Six Months Ended 31 December 2022

<i>Note</i>	<i>31 Dec 22 6 Months Unaudited</i>	<i>31 Dec 21 6 Months Unaudited</i>	<i>30 June 23 12 Months SOI</i>	<i>30 June 22 12 Months Audited</i>
<b>Equity at the Beginning of the Year</b>	<b>82,990,345</b>	<b>68,265,401</b>	<b>68,909,913</b>	<b>68,265,401</b>
Total comprehensive (loss) income	1,668,886	80,430	745,062	14,724,944
Movement in Asset Revaluation Reserve	-	-	-	-
Distribution to shareholders during the year	-	-	-	-
<b>Equity at the End of the Year</b>	<b>84,659,231</b>	<b>68,345,831</b>	<b>69,654,975</b>	<b>82,990,345</b>

The accompanying accounting policies and notes form part of and are to be read in conjunction with these financial statements. These financial statements are unaudited.

# STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Note	31 Dec 22 Unaudited	31 Dec 21 Unaudited	30 June 23 SOI	30 June 22 Audited
<b>Current Assets</b>					
Cash and Cash Equivalents	9	1,325,174	136,565	56,254	110,229
Trade Accounts Receivable	10	1,194,621	644,822	1,008,143	839,163
Sundry Receivables and Prepayments		448,345	285,254	399,904	545,799
<b>Total Current Assets</b>		<b>2,968,140</b>	<b>1,066,641</b>	<b>1,464,301</b>	<b>1,495,191</b>
<b>Less: Current Liabilities</b>					
Income in Advance		191,969	351,947	103,284	107,426
Trade Accounts Payable	11	236,386	260,102	1,924,711	733,234
Other Creditors		692,998	245,000	5,019	431,413
Employee Benefit Liabilities	12	389,765	145,429	217,831	280,252
Short Term Borrowings		5,721,700	6,960,073	-	11,007,968
Tax Payable		406,426	(130,719)	95,748	(65,585)
<b>Total Current Liabilities</b>		<b>7,639,244</b>	<b>7,831,832</b>	<b>2,346,593</b>	<b>12,494,708</b>
<b>Working Capital</b>		<b>(4,671,104)</b>	<b>(6,765,192)</b>	<b>(882,292)</b>	<b>(10,999,517)</b>
<b>Add: Non Current Assets</b>					
Property, Plant & Equipment	14	92,071,641	75,541,657	87,461,034	92,731,168
Investment Property		14,900,000	13,786,000	12,752,840	14,900,000
<b>Total Non Current Assets</b>		<b>106,971,641</b>	<b>89,327,657</b>	<b>100,213,874</b>	<b>107,631,168</b>
<b>Less: Non Current Liabilities</b>					
Deferred Tax Liability	15	9,941,306	6,516,634	6,516,634	9,941,306
Long Term Borrowings	13	7,700,000	7,700,000	23,159,973	3,700,000
<b>Total Non Current Liabilities</b>		<b>17,641,306</b>	<b>14,216,634</b>	<b>29,676,607</b>	<b>13,641,306</b>
<b>Net Assets</b>		<b>84,659,231</b>	<b>68,345,832</b>	<b>69,654,975</b>	<b>82,990,345</b>
Represented by:					
<b>Shareholders Equity</b>					
Paid in Capital		9,380,400	9,380,400	9,380,400	9,380,400
Retained Earnings		25,644,120	22,503,834	23,812,977	23,975,234
Asset Revaluation Reserve		49,634,711	36,461,598	36,461,598	49,634,711
<b>Total Shareholders' Equity</b>		<b>84,659,231</b>	<b>68,345,832</b>	<b>69,654,975</b>	<b>82,990,345</b>

For and on behalf of the Board

  
 Murray Georgel - Chair  
 Date: 27/02/2023

  
 Shelly Mitchell-Jenkins - Director  
 Date: 27/02/2023

The accompanying accounting policies and notes form part of and are to be read in conjunction with these financial statements. These financial statements are unaudited.

# STATEMENT OF CASH FLOWS

For Six Months Ended 31 December 2022

	Note	31 Dec 22 6 Months Unaudited	31 Dec 21 6 Months Unaudited	30 June 23 12 Months* SOI	30 June 22 12 Months Audited
<b>Cash Flows from Operating Activities</b>					
Cash was provided from:					
Receipts from Customers		7,337,193	3,642,993	11,210,561	8,941,260
Interest Received		-	-	-	-
Income Tax Refund		-	-	-	18,056
<b>Operating Cash Inflows</b>		<b>7,337,193</b>	<b>3,642,993</b>	<b>11,210,561</b>	<b>8,959,316</b>
Cash was disbursed to:					
Payment to Suppliers and Employees		3,976,303	3,329,148	6,718,239	6,172,450
Tax Loss Payment to PNCC		-	-	-	18,266
Payment of Income Tax		177,000	361,352	284,608	341,118
Interest Payments		307,167	253,625	688,538	533,993
<b>Operating Cash Outflows</b>		<b>4,460,470</b>	<b>3,944,125</b>	<b>7,691,385</b>	<b>7,065,827</b>
<b>Net Cash Flow from Operating Activities</b>		<b>2,876,723</b>	<b>(301,132)</b>	<b>3,519,176</b>	<b>1,893,489</b>
<b>Cash Flows from Investing Activities</b>					
Cash was provided from:					
Sale of Property, Plant & Equipment		486,516	-	-	-
<b>Investing Cash Inflows</b>		<b>486,516</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cash was applied to:					
Acquisitions of Property, Plant & Equipment		967,926	1,884,309	12,668,319	2,892,453
Acquisitions of Investment Property		-	-	-	1,261,234
<b>Investing Cash Outflows</b>		<b>967,926</b>	<b>1,884,309</b>	<b>12,668,319</b>	<b>4,153,687</b>
<b>Net Cash Flow from Investing Activities</b>		<b>(481,410)</b>	<b>(1,884,309)</b>	<b>(12,668,319)</b>	<b>(4,153,687)</b>
<b>Cash Flows from Financing Activities</b>					
Cash was provided from:					
Borrowings		96,135	2,281,681	9,455,000	3,500,000
<b>Financing Cash Inflows</b>		<b>96,135</b>	<b>2,281,681</b>	<b>9,455,000</b>	<b>3,500,000</b>
Cash was applied to:					
Repayment of Borrowings		1,276,500	322,132	303,600	1,492,031
Payment of Dividends		-	-	-	-
<b>Financing Cash Outflows</b>		<b>1,276,500</b>	<b>322,132</b>	<b>303,600</b>	<b>1,492,031</b>
<b>Net Cash Flow from Financing Activities</b>		<b>(1,180,365)</b>	<b>1,959,549</b>	<b>9,151,400</b>	<b>2,007,969</b>
<b>Net Increase / (Decrease) in Cash, Cash Equivalents and Bank Overdrafts</b>		<b>1,214,948</b>	<b>(225,893)</b>	<b>2,257</b>	<b>(252,229)</b>
<b>Cash, Cash Equivalents and Bank Overdrafts at the Beginning of the Year</b>		<b>110,229</b>	<b>362,458</b>	<b>53,999</b>	<b>362,458</b>
<b>Cash, Cash Equivalents and Bank Overdrafts at Year End</b>		<b>1,325,177</b>	<b>136,565</b>	<b>56,256</b>	<b>110,229</b>

\*The FY23 SOI format differs from that outlined above. The SOI has been converted to the above format for the purposes of half year reporting. Some allocations may differ.  
The accompanying accounting policies and notes form part of and are to be read in conjunction with these financial statements. These financial statements are unaudited.

# STATEMENT OF COMMITMENTS

For Six Months Ended 31 December 2022

## Non-cancellable Commitments - Operating Lessee

Not more than one year	116,849
One to two years	66,717
Two to five years	65,119
Over five years	-
<b>Total</b>	<b>248,685</b>

11 Commitments, including Operating Leases, Maintenance Contracts, and Vehicle Leases.

## Non-cancellable Commitments - Operating Lessor

Not more than one year	1,852,513
One to two years	1,955,908
Two to five years	3,423,549
Over five years	4,950,023
<b>Total</b>	<b>12,181,993</b>

55 Property and Car Park Leases With PNAL as the Lessor

# NOTES TO THE FINANCIAL STATEMENTS

For Six Months Ended 31 December 2022

## 1. REPORTING ENTITY

Palmerston North Airport Limited is a New Zealand company registered under the Companies Act 1993.

## 2. BASIS OF PREPARATION

### *Statement of Compliance*

The financial statements of Palmerston North Airport Limited have been prepared in accordance with the requirements of the Airport Authorities Act 1966, Airport Authorities Amendment Act 2000, the Local Government Act 2002, Airport Authorities (Airport Companies Information Disclosure) Regulations 1999 the Companies Act 1993, and the Financial Reporting Act 2013. The financial statements have been prepared in accordance with NZ GAAP. They have been prepared in accordance with Tier 2 PBE reporting standards.

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

### *Measurement base*

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

### *Functional and presentation currency*

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

## 3. ACCOUNTING POLICIES

### *Changes in accounting policies*

There were no changes to accounting policies during the period being reported.

### *Specific accounting policies*

The accounting policies as published in the Annual Report to 30 June 2022 have been applied consistently to all periods presented in these financial statements.

## 4. ANALYSIS OF OPERATING REVENUE

	31 Dec 22 6 Months Unaudited	31 Dec 21 6 Months Unaudited	30 June 23 12 Months SOI	30 June 22 12 Months Audited
Aeronautical Revenue	4,227,593	2,080,172	6,075,925	4,575,560
Carpark, Rent and Advertising	2,043,129	1,479,553	3,661,795	3,088,493
Other*	144,235	304,444	181,875	514,607
Sale of Inventory**	-	-	-	1,306,605
Interest	-	-	-	-
<b>Total</b>	<b>6,414,957</b>	<b>3,864,169</b>	<b>9,919,595</b>	<b>9,485,265</b>

\*Government wage subsidies have been recognised at the time of receipt of funds.

\*\*During the 2022 financial year two lots of land in Zone B Stage 1 were transferred from Investment Property to Inventory. These lots were then sold during that year.

## 5. OTHER OPERATING EXPENSES

Rates	216,903	215,028	464,004	430,056
Power and Insurance	263,631	219,998	530,004	449,737
Repairs and Maintenance	567,478	478,672	1,978,536	933,515
<b>Total</b>	<b>1,048,012</b>	<b>913,698</b>	<b>2,972,544</b>	<b>1,813,308</b>

## 6. EMPLOYEE EXPENSES

Salaries and Wages*	840,851	772,921	1,688,271	1,351,938
Employer Contribution to Kiwi Saver	25,881	26,507	65,553	50,560
Movement in Employee Entitlement	109,514	(37,931)	30,000	96,892
<b>Total</b>	<b>976,245</b>	<b>761,497</b>	<b>1,783,824</b>	<b>1,499,390</b>

\*Excludes Rescue Fire Service (RFS). Salaries and wages of RFS are included in Airfield Services expenditure.

## 7. FINANCE COST

Interest on Term Loans	307,167	253,625	688,538	533,993
<b>Total</b>	<b>307,167</b>	<b>253,625</b>	<b>688,538</b>	<b>533,993</b>

## 8. TAXATION

Current Year Tax Payable	649,011	31,282	289,748	94,346
Prior Year Adjustments	-	-	-	102
Movement in Deferred Tax	-	-	-	(213,606)
<b>Total</b>	<b>649,011</b>	<b>31,282</b>	<b>289,748</b>	<b>(119,158)</b>

## 9. CASH AND CASH EQUIVALENTS

BNZ Current Account	1,320,372	131,692	51,668	106,039
Cash on Hand	4,802	4,873	4,586	4,190
Short Term Deposits	-	-	-	-
<b>Total</b>	<b>1,325,174</b>	<b>136,565</b>	<b>56,254</b>	<b>110,229</b>

## 10. TRADE ACCOUNTS AND OTHER RECEIVABLES

### 10. Trade Accounts and Other Receivables

Debtors and Other Receivables	1,191,771	644,822	1,008,143	846,598
Receivables From Related Party	2,850	-	-	200
Provision for Impairment	-	-	-	(7,635)
<b>Total</b>	<b>1,194,621</b>	<b>644,822</b>	<b>1,008,143</b>	<b>839,163</b>

## 11. TRADE ACCOUNTS PAYABLE

	31 Dec 22 6 Months Unaudited	31 Dec 21 6 Months Unaudited	30 June 23 12 Months SOI	30 June 22 12 Months Audited
Trade Accounts Payable	233,039	260,102	1,924,711	731,233
Payables to Related Party	3,347	-	-	2,001
<b>Total</b>	<b>236,386</b>	<b>260,102</b>	<b>1,924,711</b>	<b>733,234</b>

Debtors and other receivables are non-interest bearing and receipt is normally on 30-day terms.

Therefore, the carrying value of the debtors and other receivables approximates their fair value after making provisions for impairment on specific overdue accounts.

## 12. EMPLOYEE BENEFIT LIABILITIES

Accrued Pay	197,675	26,580	75,264	119,012
Annual Leave	192,090	118,849	142,567	161,240
<b>Total</b>	<b>389,765</b>	<b>145,429</b>	<b>217,831</b>	<b>280,252</b>

## 13. BORROWINGS

Long Term Borrowings	7,700,000	7,700,000	23,159,973	3,700,000
Current Portion of Borrowings	5,721,700	6,960,073	-	11,007,968
<b>Total</b>	<b>13,421,700</b>	<b>14,660,073</b>	<b>23,159,973</b>	<b>14,707,968</b>

The company has a bank facility of \$16.1 million which is secured by a registered first debenture and mortgage from the Bank of New Zealand over assets and property of the Company. This includes a facility of \$5m used in full for the construction of the Massey Aviation Training Facility. The Company has a further facility with PNCC for \$25.48 million (indirect LGFA funding).

The carrying value of borrowings is materially consistent with their fair value.

Borrowings are classified as current liabilities where the debt tranche is floating or fixed for less than 12 months after 31 December 2022. Otherwise borrowings are classified as non-current.

## 14. PROPERTY, PLANT AND EQUIPMENT

	30 June 22 Carrying Amount	Additions	Disposals	Disposals Accum Depr	Depreciation	31 Dec 22 Carrying Amount
Land	33,000,000	22,179	167,113	-	-	32,855,065
Buildings	13,815,578	308,743	-	-	180,813	13,943,508
Infrastructure - Land	6,638,730	165,869	-	-	133,039	6,671,560
Infrastructure - Air	36,582,687	-	15,012	15,012	616,989	35,965,698
Plant & Equipment	1,247,115	40,442	139,435	101,362	102,175	1,147,309
Furniture & Fittings	97,991	5,744	-	-	10,637	93,098
Computer Equipment	21,652	1,619	-	-	7,028	16,242
Motor Vehicles	1,309,889	79,208	-	-	24,776	1,364,322
Intangibles	17,525	-	-	-	2,688	14,837
<b>Total</b>	<b>92,731,168</b>	<b>623,803</b>	<b>321,560</b>	<b>116,374</b>	<b>1,078,145</b>	<b>92,071,641</b>

It is Management's opinion that there is no reason that any of the assets should be impaired, as at 31 December 2022.

## 15. DEFERRED TAX ASSETS / (LIABILITIES)

	<i>Investment Property</i>	<i>Property, Plant &amp; Equipment</i>	<i>Employee Entitlements</i>	<i>Other Provisions</i>	<i>Total</i>
Balance at 30 June 2022	156,460	9,846,929	(59,567)	(2,516)	9,941,306
Change to Profit and Loss	-	-	-	-	-
<b>Balance at 31 December 2022</b>	<b>156,460</b>	<b>9,846,929</b>	<b>(59,567)</b>	<b>(2,516)</b>	<b>9,941,306</b>

## 16. CONTINGENCIES

Payments made under operating leases are recognised on a straight-line basis over the term of the lease.

## 17. EXTRAORDINARY ITEMS

The Extraordinary Items are soil, sediment, surface and ground water sampling for PFAS at Palmerston North Airport and adjacent sites including the Mangaone Stream.