Queenstown Airport Corporation Limited

Disclosure Financial Statements

for the financial year ended 30 June 2022

Contents

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 2022. 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 during the period there has been no material changes to the business that the Company is engaged in, the COVID-19 global pandemic continues to create inherent uncertainty around the levels of both domestic and international air travel. Notwithstanding the significant impact of COVID-19 the fundamentals of the business remain strong.

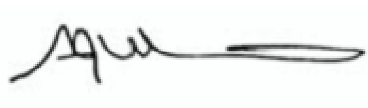
2. Board of Directors

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

Adrienne F Young-Cooper
Simon R Flood
Mark R Thomson
Anne J Urlwin
G Andrew Blair
Michael QM Tod

On Behalf of the Board

Chair



Director

Financial Statements

Income Statement

for the year ended 30 June 2022

	Note	2022 $ 000's	2021 $ 000's
Income			
Revenue from contracts with customers	3	13,221	14,722
Rental and other income	3	1,189	910
Total income		**14,410**	**15,632**
Expenses			
Operating expenses	3	4,913	4,094
Employee renumeration and benefits	3	5,702	4,607
Total expenses		**10,615**	**8,701**
Earnings before interest, taxation, depreciation and amortisation		**3,794**	**6,932**
Depreciation	8	6,075	7,143
Amortisation	9	331	325
Impairment and Loss on Assets	3	1,495	1,064
Earnings before interest and taxation		**(4,107)**	**(1,600)**
Finance costs	4	2,933	3,469
Profit/(loss) before tax		**(7,040)**	**(5,069)**
Income tax expense/(benefit)	5	(1,629)	(1,006)
Profit/(loss) for the period		**(5,411)**	**(4,063)**

The notes and accounting policies on page 8 to 31 form part of and are to be read in conjunction with these financial statements.

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Statement of Comprehensive Income

for the year ended 30 June 2022

	Note	2022 $ 000's	2021 $ 000's
Profit/(loss) for the period		**(5,411)**	**(4,063)**
Other comprehensive income			
Items that may be subsequently reclassified to the income statement			
Gain/(loss) on cash flow hedging taken to reserves	16	1,506	728
Income tax relating to gain/(loss) on cash flow hedging	16	(422)	(204)
Realised gains/(losses) transferred to the income statement	16	20	127
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	23,671	6,680
Income tax relating to gain/(loss) on revaluation		(4,903)	(808)
Other comprehensive income for the year, net of tax		**19,872**	**6,523**
Total comprehensive income for the year, net of tax		**14,462**	**2,460**

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Statement of Changes in Equity

for the year ended 30 June 2022

	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 2021	**18,892**	**81,007**	**(454)**	**10,679**	**110,124**
Profit/(loss) for the period	-	-	-	(5,411)	(5,411)
Other comprehensive income	-	18,769	1,103	-	19,872
Total comprehensive income for the period	-	18,769	1,103	(5,411)	14,461
Dividends paid to shareholders	-	-	-	-	-
At 30 June 2022	**18,892**	**99,776**	**650**	**5,268**	**124,585**

	Ordinary shares $ 000's	Asset revaluation reserve $ 000's	Cash flow hedge reserve $ 000's	Retained earnings $ 000's	Total equity $ 000's
At 30 June 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**

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Statement of Financial Position

as at 30 June 2022

	Note	2022 $ 000's	2021 $ 000's
Current assets			
Cash and cash equivalents	6	1,800	5,065
Trade and other receivables	7	2,020	16,007
Prepayments		381	292
Current tax receivable		1,496	411
Derivative financial instruments	12	204	-
Total current assets		**5,900**	**21,775**
Non-current assets			
Property, plant and equipment	8	222,944	194,557
Intangible assets	9	1,606	3,034
Derivative financial instruments	12	698	-
Total non-current assets		**225,248**	**197,592**
Total assets		**231,147**	**219,367**
Current liabilities			
Trade and other payables	10	1,500	1,454
Employee entitlements	11	887	610
Derivative financial instruments	12	-	6
Short-term borrowings	14	15,000	-
Total current liabilities		**17,387**	**2,070**
Non-current liabilities			
Derivative financial instruments	12	-	597
Deferred tax liability	5	13,824	9,076
Term borrowings (secured)	14	75,352	97,500
Total non-current liabilities		**89,175**	**107,173**
Equity			
Share capital	15	18,892	18,892
Retained earnings	16	5,268	10,679
Asset revaluation reserve	16	99,776	81,007
Cash flow hedge reserve	16	649	(454)
Total equity		**124,585**	**110,124**
Total equity and liabilities		**231,147**	**219,367**

The notes and accounting policies on page 8 to 31 form part of and are to be read in conjunction with these financial statements.

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Statement of Cash Flows

for the year ended 30 June 2022

	Note	2022 $ 000's	2021 $ 000's
Cash flows from operating activities			
Cash was provided from:			
Receipts from customers		14,292	14,334
Interest received		17	5
Cash was applied to:			
Payments to suppliers and employees		(10,582)	(7,936)
Interest paid		(2,191)	(3,292)
Income tax paid		-	(1,006)
Net cash flows from operating activities	20	**1,536**	**2,105**
Cash flows from investing activities			
Cash was provided from:			
Receipt of Wanaka Airport settlement proceeds		14,126	-
Cash was applied to:			
Purchases of property, plant and equipment		(11,131)	(10,169)
Purchases of intangible assets		(161)	(99)
Net cash flows from investing activities		**2,834**	**(10,268)**
Cash flows from financing activities			
Cash was applied to:			
Net proceeds from/(to) borrowings		(7,634)	8,041
Net cash flows from/(to) financing activities		**(7,634)**	**8,041**
Net increase/(decrease) in cash and cash equivalents		(3,265)	(122)
Cash and cash equivalents at the beginning of the period		5,065	5,187
Cash and cash equivalents at the end of the period	6	**1,800**	**5,065**

The notes and accounting policies on page 8 to 31 form part of and are to be read in conjunction with these financial statements.

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Notes to the Financial Statements

for the year ended 30 June 2022

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 and supporting infrastructure in Queenstown and aeronautical services in Queenstown, 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 16 August 2022.

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, the Companies Act 1993 and the Local Government Act 2002, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards ('NZIFRS') and other applicable financial reporting standards as appropriate for profit orientated entities.

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 which 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 2022.

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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 the 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, incentives, 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.

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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 the majority shareholder are 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 period, 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
Buildings	1.4% - 50.0%	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 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.

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 is reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for prospectively.

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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 accounts payable and accruals, 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** in the statement of financial position and the cash flow statement 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.

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).

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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 13).

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

COVID-19 has had a significant impact on the aviation industry and on the Company's business during the reporting period. While passenger volumes are recovering, passenger volumes over the reporting period were well below pre COVID-19 levels as a result of nationwide and global restrictions on people movement associated with COVID-19.

For the majority of the reporting period (330 days) there were no scheduled international flights to and from Queenstown Airport which had a significant impact on both aeronautical and commercial revenue. Domestically, there was a prolonged period of lock-down in Auckland and surrounds which resulted in significantly reduced domestic connections at Queenstown Airport. Auckland to Queenstown is our busiest domestic route and there were no flights to or from Auckland for 178 days of the reporting period.

During Q3 and Q4 of the reporting period there was a phased reopening of the New Zealand border. From 12 April Australians were able to travel to New Zealand once more and direct trans-Tasman flights returned at Queenstown Airport on 23 May. Visitors from many (non visa-waiver) countries around the world can now travel to New Zealand after further restrictions were lifted on 1 May. Visitors from all international markets are expected to be able to travel to New Zealand from Q2 FY23.

The pace and timing of recovery is dependent on a wide range of factors, including the continued propensity of New Zealanders to travel domestically and trans-Tasman flight schedules to and from Queenstown Airport, and the recovery of global aviation and tourism. 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.

The directors are confident that QAC has now entered the recovery period and are of the view that the Company's business fundamentals remain strong.

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Notes to the Financial Statements

for the year ended 30 June 2022

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	2022 $ 000's	2021 $ 000's
Scheduled airlines and general aviation	At point in time	12,836	14,011
Aircraft Parking	Over time	102	188
Recoveries	Over time	283	524
Total revenue from contracts with customers		**13,221**	**14,722**
Lease rental revenue		734	699
Government grants		424	175
Other revenue		31	36
Total revenue from rental and other income		**1,189**	**910**

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

(b) Operating Expenses	2022 $ 000's	2021 $ 000's
Administration and other	2,571	2,038
Audit services	84	74
Professional services	927	915
Repairs and maintenance	428	425
Utilities	904	644
Total operating expenses	**4,913**	**4,094**
Audit services include :		
Audit of annual financial statements	62	52
Audit of disclosure financial statements	22	22
Total audit services	**84**	**74**

(c) Employee renumeration and benefits	2022 $ 000's	2021 $ 000's
Salary and wages	5,493	4,386
Directors fees	209	220
Total employee renumeration and benefits	**5,702**	**4,607**

(d) Total impairment and loss on assets	2022 $ 000's	2021 $ 000's
Asset impairment *	1,336	804
Loss on disposal of assets	159	260
Total impairment and loss on assets	**1,495**	**1,064**

* The asset impairment includes the derecognition of costs incurred in relation to the noise boundary strategy. The Company's strategy is to operate within its current noise boundaries at Queenstown Airport (ZQN), accordingly the future economic benefits associated with this asset can no longer be reliably measured.

4 FINANCE COSTS

	2022 $ 000's	2021 $ 000's
Interest and finance charges paid for financial liabilities not at fair value through profit or loss	2,469	2,719
Fair value gain/(loss) on interest rate swaps designated as cashflow hedges	28	177
Less capitalised borrowings costs	(287)	-
Interest on internal debt	723	574
Total finance costs	**2,933**	**3,469**

Interest was capitalised for the year ended 30 June 2022 at a weighted average cost of borrowings of 3.6% [2021:Nil]. Finance income from financial assets held for cash management purposes was immaterial and it was classified as revenue in the Income Statement.

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Notes to the Financial Statements

for the year ended 30 June 2022

5 TAXATION

		2022 $ 000's	2021 $ 000's
a)	**Current income tax expense/(benefit)**		
	Current income tax	(1,044)	(355)
	Deferred income tax	(8)	(49)
	Prior period adjustment	(28)	(25)
	Origination and reversal of temporary differences	(548)	(577)
	Total income tax expense/(benefit)	**(1,629)**	**(1,006)**
b)	**Numeric reconciliation between income tax expense/(benefit) and profit before tax**		
	Surplus/(deficit) before taxation per the Income Statement	(7,040)	(5,069)
	Prima Facie Taxation @ 28%	(1,971)	(1,419)
	Adjusted for tax effect of:		
	Permanent differences	383	665
	Creation/(reversal) of temporary differences	(33)	(203)
	Amortisation of tax component of derivatives	(8)	(49)
	Income tax expense/(benefit) as per the income statement	**(1,628)**	**(1,006)**
c)	**Net deferred liabilities**		
	Balance at beginning of the year	9,076	7,424
	Deferred tax benefit/(charge) charged to income	(575)	640
	Deferred tax benefit/(charge) charged to comprehensive income	5,325	1,012
	Balance at end of year	**13,824**	**9,076**
	The balance of deferred tax liabilities comprises:		
	i Deferred tax liabilities		
	Intangible assets	422	410
	Property, plant and equipment	13,336	8,934
	Derivatives	253	
		14,011	**9,344**
	ii Deferred tax assets		
	Derivatives	-	169
	Trade & Other Payables	57	
	Employee benefits	130	99
		187	**268**
	Net deferred tax liability	**13,824**	**9,076**

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 2022, $27,574 (2021: $49,000) was recognised as a reduction in tax expense.

6 CASH AND CASH EQUIVALENTS

	2022 $ 000's	2021 $ 000's
Cash at bank	1,794	5,050
Cash on hand	6	15
Cash and cash equivalents	**1,800**	**5,065**

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7 TRADE AND OTHER RECEIVABLES

	2022 $ 000's	2021 $ 000's
Trade receivables	2,292	2,140
less provision for expected credit losses	(272)	(225)
Revenue accruals and other receivables	-	14,092
Closing balance	**2,020**	**16,007**
Recognised in the statement of financial position		
Current assets	2,020	16,007
Non-current assets	-	-
Closing balance	**2,020**	**16,007**

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	Land Improvements $ 000's	Runways, Taxiways & Aprons $ 000's	Car Parking $ 000's	Plant & Equipment $ 000's	Total $ 000's
At fair value	84,859	-	46,845	11,198	36,710	4,716	-	**184,328**
At cost	-	-	-	-	-	-	20,691	**20,691**
Work in progress at cost	279	-	1,590	-	93	-	1,266	**3,228**
Accumulated depreciation	-	-	-	-	-	-	(13,689)	**(13,689)**
Balance at 30 June 2021	**85,138**	**-**	**48,435**	**11,198**	**36,803**	**4,716**	**8,267**	**194,557**
Revaluation	8,458	-	14,057	117	-	1,040	-	**23,671**
Additions	-	-	9,637	-	879	43	572	**11,131**
Disposal	-	-	-	-	-	-	(243)	**(243)**
Work in progress mvmt	(279)	-	(112)	-	430	-	(137)	**(98)**
Depreciation	-	-	(2,391)	(142)	(1,878)	(310)	(1,354)	**(6,075)**
Mvmt to 30 June 2022	**8,179**	**-**	**21,190**	**(25)**	**(569)**	**773**	**(1,161)**	**28,386**
At fair value	93,317	-	70,539	11,173	37,588	5,488	-	**218,106**
At cost	-	-	-	-	-	-	19,921	**19,921**
Work in progress at cost	-	-	1,478	-	523	-	1,129	**3,130**
Accumulated depreciation	-	-	(2,391)	-	(1,878)	-	(13,944)	**(18,213)**
Balance at 30 June 2021	**93,317**	**-**	**69,626**	**11,173**	**36,234**	**5,488**	**7,106**	**222,944**

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

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

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	Land	Right Of Use Asset	Buildings	Land Improvements	Runways, Taxiways & Aprons	Car Parking	Plant & Equipment	Total
	$ 000's	$ 000's	$ 000's	$ 000's	$ 000's	$ 000's	$ 000's	$ 000's
At fair value	93,422	11,340	46,689	10,965	47,949	5,485	-	**215,850**
At cost	-	-	-	-	-	-	19,189	**19,189**
Work in progress at cost	552	-	405	-	73	-	1,861	**2,891**
Accumulated depreciation	-	(227)	(4,113)	(249)	(4,673)	(716)	(11,077)	**(21,056)**
Balance at 30 June 2020	**93,974**	**11,113**	**42,981**	**10,716**	**43,349**	**4,769**	**9,973**	**216,874**
Reclassification	(9,567)	-	-	-	20	-	(347)	**(9,894)**
Revaluation	1,004	-	6,810	609	(2,006)	263		**6,680**
Additions	()	-	99	13	98	-	999	**1,209**
Disposal	-	(11,022)	(397)	-	(1,905)	-	(182)	**(13,506)**
Work in progress mvmt	(273)	-	1,185	-	20	-	(596)	**336**
Depreciation	-	(91)	(2,243)	(140)	(2,774)	(316)	(1,580)	**(7,143)**
Mvmt to 30 June 2021	**(8,836)**	**(11,113)**	**5,454**	**482**	**(6,547)**	**(53)**	**(1,705)**	**(22,318)**
At fair value	84,859	-	46,845	11,198	36,710	4,716	-	**184,328**
At cost	-	-	-	-	-	-	20,691	**20,691**
Work in progress at cost	279	-	1,590	-	93	-	1,266	**3,228**
Accumulated depreciation	-	-	-	-	-	-	(13,689)	**(13,689)**
Balance at 30 June 2021	**85,138**	**-**	**48,435**	**11,198**	**36,803**	**4,716**	**8,267**	**194,557**

b) Revaluation of land, right-of-use asset, buildings, runways, taxiway and aprons and property, plant and equipment (for Whole Company)

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 2022. The runways, taxiways and aprons category was not revalued at 30 June 2022. Beca Valuations Limited (Beca), registered valuers undertook a review of the value of the runways, taxiways and aprons values and concluded that that value had not moved materially from 30 June 2021.

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 2022

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, 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 below 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.

Asset Classification & Description		Valuation Methodology	Key Valuation Assumptions	Fair Value Hierarchy Level	Valuation Sensitivity
Land **Aeronautical** **Land used for airport-related activities.**	Land	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 $688,000 per hectare, while Airport terminal land at an average rate of $3,286,000 per hectare.	3	Airport use +/- $3.0 million, Terminal area +/- $1,000,000 (5% change in land value rates)
Carparking **Land accommodating transportation uses including public, rental car and staff parking as well as commercial service operators.**	Carparking	Market Value - based on zonal use, land value sales due to uncertain revenue forecasting.	Based on land sales comparison on zonal approach at $8,000,000 per hectare.	3	+/- $2 million (5% change in land value rates)
Commercial **Commercial land in the south-western area of the airport.**	Land	Market Value on existing airport use. Sales comparisons for land value assessments.	Land areas assessed at $396/m2.	3	+/- $1.0 million (5% change in land value rate or discount rate for contestable land)
Ground Leases **Land leased to third parties for aeronautical activities where the Lessee owns the improvements.**	Land	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 $1,100/m2 to $1,500/m2.	3	+/- $2.6 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.**	Land	Market Value under a Direct Sales Comparison Approach.	Land values range between $375 – $396m².	3	+/- $2.9 million (5% change in freehold land
Residential **Various residential sites.**	Land	Market Value under a Direct Sales Comparison Approach.	Adopted land value rate of $1,275/m².	3	+/- $500,000 (5% change in land value rate)
Runway, Taxiway & Aprons **Aeronautical** **Aeronautical infrastructure and sealed surfaces.**	Runways, Taxiways & Aprons	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 infla	3	+/- $1.0 million (5% change in DRC value)
Buildings **Aeronautical** **Terminal Building.**	Buildings	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).	Construction cost range $3,750psm to $8000psm and depreciation rates of circa 2.0% per annum.	3	+/- $4.00 million (5% change to replacement rate)
Commercial Queenstown **Buildings leased to third parties and surrounding improvements.**	Buildings	Contestable buildings have been valued on an investment basis, while the various surrounding improvements have been valued using an ODRC approach.	Yield rates of 4.5% applied to contestable buildings. Land values $1,000/m2 - $1,400/m2.	3	+/- $1.0 million (5% change in land value rate or discount rate for contestable land)
Residential **Residential improvements.**	Land	Market Value under a Direct Sales Comparison Approach.	Dwelling values of $100,000 - $400,000 depending upon size and quality of presentation. Kerbside values.	3	+/- $75,000 (5% change in value)
Wanaka - Non-Aeronautical **Farmland and buildings including a dwelling and sheds.**	Land	Fair value under an Optimised Depreciated Replacement Cost (ODRC).	Dwelling rate at $1,200/m2 and sheds at $200/m2.	3	+/- $20,000 (10% change in ODRC value)
Wanaka - Non-Aeronautical **Windermere Farm and Ferguson land.**	Land	Market Value under Direct Sales Comparison and Hypothetical Subdivision Approaches.	Average adopted land value rate of $90,000 per hectare.	3	+/- $1.00 million (5% change in average land rate)

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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

9 INTANGIBLE ASSETS

	2022 $ 000's	2021 $ 000's
Cost		
Opening balance	5,686	6,275
Impairment of intangible assets	(1,239)	-
Additions/(disposals) from internal developments	141	(589)
Total cost closing balance	**4,588**	**5,686**
Accumulated amortisation		
Opening balance	2,651	2,327
Amortisation expense	331	325
Total accumulated amortisation	**2,983**	**2,652**
Total carrying value of intangible assets	**1,606**	**3,034**

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

	2022 $ 000's	2021 $ 000's
Trade payables	465	1,020
Other creditors and accruals	1,035	435
Closing balance	**1,500**	**1,455**

The above balances are unsecured.

11 EMPLOYEE ENTITLEMENTS

	2022 $ 000's	2021 $ 000's
Accrued salary and wages	369	209
Annual leave	519	401
Closing balance	**887**	**610**

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Notes to the Financial Statements

for the year ended 30 June 2022

12 DERIVATIVES (for Whole Company)

	2022 $ 000's	2021 $ 000's
Derivative financial assets (liabilities)		
Interest rate swaps (effective)	1,178	(597)
Foreign exchange forward contracts (effective)	(276)	(6)
Closing balance	**902**	**(604)**
Recognised in the statement of financial position		
Current asset	204	-
Non - current asset	698	-
Current liabilities	-	(6)
Non-current liabilities	-	(597)
Total derivatives	**902**	**(604)**

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.

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.

	Notional Value (USD) $ 000's	Fair Value $ 000's
2022		
Outstanding floating to fixed contracts		
Less than 1 year	339	(57)
1 to 2 years	329	(55)
3 to 5 years	958	(164)
	1,626	**(276)**
2021	$ 000's	$ 000's
Outstanding floating to fixed contracts		
Less than 1 year	221	6
	221	**6**

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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-BRR-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:

2022	Contract fixed interest rate (weighted average) %	Notional principal amount $ 000's	Fair Value $ 000's
Outstanding floating to fixed contracts			
Less than 1 year	2.0%	15,000	**261**
1 to 2 years	2.0%	8,000	**267**
3 to 5 years	1.8%	15,000	**650**
		38,000	**1,178**
Cover of principal outstanding (contracts with an effective date before 30 June 2022)		**35%**	

2021	Contract fixed interest rate (weighted %	Notional principal amount $ 000's	Fair Value $ 000's
Outstanding floating to fixed contracts			
Less than 1 year		-	-
1 to 2 years	2.6%	10,000	-
3 to 5 years	2.0%	13,000	597
		23,000	**597**
Cover of principal outstanding (contracts with an effective date before 30 June 2021)		**28%**	

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 $1,084,000 net of tax $422,000 relating to the hedging instruments, is included in other comprehensive income (2021: unrealised gain of $524,000 net of tax $204,000).

At 30 June 2022, if the interest rates had changed by +/- 1%, with all other variables held constant, the impact on profit before tax would have been $463,000 2021: $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.

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d) Credit and liquidity risk management (for Whole Company)

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 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 is mentioned in the Note 7 Trade & Other Receivables, and Note 6 Cash and Cash Equivalents. There are no significant concentrations of credit risk, through exposure to individual customer 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	Total cashflow	On demand	< 1 year	1 - 2 years	3 - 5 years
	$ 000's	$ 000's	$ 000's	$ 000's	$ 000's	$ 000's
2022						
Financial liabilities						
Trade and other payables	**1,971**	**1,971**	1,971	-	-	-
Borrowings	**65,000**	**71,350**	-	18,329	43,560	9,461
Total financial liabilities	**66,971**	**73,321**	**1,971**	**18,329**	**43,560**	**9,461**
2021						
Financial liabilities						
Trade and other payables	1,898	1,898	1,898	-	-	-
Borrowings	82,000	82,000	-	-	30,000	52,000
Derivative financial instruments	604	604	-	7	-	597
Total financial liabilities	**84,501**	**84,501**	**1,898**	**7**	**30,000**	**52,597**

14 BORROWINGS

	Expiry Date	Line Limit $ 000's	2022 $ 000's	2021 $ 000's
Bank Facilities				
ASB	30 June 2024	10,000	10,000	10,000
ASB B	30 June 2025	20,000	1,000	1,000
Bank of China	30 April 2023	30,000	15,000	30,000
BNZ B	30 June 2024	30,000	13,000	15,000
Westpac B	Expired	-	-	-
Westpac C	30 June 2025	30,000	8,000	8,000
Westpac D	30 June 2024	20,000	18,000	18,000
Internal debt from commercial activities			25,352	15,500
Total borrowings		**140,000**	**90,352**	**97,500**
Recognised in the statement of financial position				
Current liabilities			15,000	-
Non-current liabilities			75,352	97,500
Total borrowings			**90,352**	**97,500**

The bank facilities are secured by a general security agreement over the Company's assets, undertakings and any uncalled capital. QAC can refinance any current debt within existing facilities.

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Notes to the Financial Statements

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15 SHARE CAPITAL (for Whole Company)

		2022		2021	
		No.	$ 000's	No.	$ 000's
(a)	Authorised share capital				
	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

		2022 $ 000's	2021 $ 000's
(a)	Retained earnings		
	Movements in Retained Earnings were as follows:		
	Balance 1 July	10,679	14,742
	Profit/(loss) for the year	(5,411)	(4,063)
	Dividends paid	-	-
	Balance at 30 June	**5,268**	**10,679**

		2022 $ 000's	2021 $ 000's
(b)	Asset revaluation reserve		
	Movements in the asset revaluation reserve were as follows:		
	Balance 1 July	81,007	75,135
	Realised gain/(loss) transferred to statement of comprehensive income	-	-
	Increase arising on revaluation of assets	23,671	6,680
	Deferred tax movement	(4,903)	(808)
	Balance at 30 June	**99,776**	**81,007**

		2022 $ 000's	2021 $ 000's
(c)	Cash flow hedge reserve (for Whole Company)		
	Movements in the cash flow hedge reserve were as follows:		
	Balance 1 July	(453)	(1,105)
	Gain/(loss) recognised on interest rate swaps	1,775	735
	Deferred tax movement arising on interest rate swaps	(497)	(206)
	Gain/(loss) recognised on forward exchange contracts	(270)	(7)
	Deferred tax movement arising on forward exchange contracts	76	2
	Realised gain/(loss) transferred to statement of comprehensive income	20	127
	Balance at 30 June	**649**	**(453)**

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.

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 2022, the interest expense of $28,000 and tax benefit of $8,000 was recognised (2021: $177,000 and $49,000 respectively).

17 DIVIDENDS

No dividends were declared and paid during the period.

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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 2022, 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:

	2022 $ 000's	2021 $ 000's
Less than 12 months	11,167	10,366
1-2 years	5,581	5,709
2-3 years	3,112	4,344
3-4 years	2,121	2,576
4-5 years	897	1,678
5+ years	4,153	4,944
Total company as lessor; operating lease rental	**27,032**	**29,615**

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

Related parties of the Company are:

- ► Queenstown Lakes District Council (QLDC) - shareholder
- ► Auckland International Airport Limited (AIAL) - shareholder
- ► Mark R Thomson - General Manager Property and Commercial (AIAL) - director QAC
- ► Wanaka Airport (WKA) - management contract on behalf of QLDC

(a) Transactions with related parties

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

	2022 $ 000's	2021 $ 000's
Queenstown Lakes District Council (QLDC)		
Rates paid	433	460
Resource and building consent costs and collection fees	10	24
Wanaka Airport Settlement	-	(14,733)
Frankton Golf Club income	(44)	(44)
Parking infringement	(10)	(8)
Glenorchy Airstrip Maintenance	(9)	-
RAT Tests	(8)	-
	372	(14,301)
Wanaka Airport (WKA)		
NASA Rent	66	-
Rates	2	-
Management Fee	(360)	-
NASA Launch Pad	(51)	-
Credit Card Charges	(8)	-
Windemere Grazing	(3)	-
	(354)	-
Net payment / (receipt) to QLDC	**18**	**(14,301)**
Auckland International Airport Limited (AIAL)		
Rescue fire training fees paid	48	-
Director fees and expenses paid	40	50
Net payments to AIAL	**88**	**50**

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(b) Balances with related parties

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

	2022 $ 000's	2021 $ 000's
Queenstown Lakes District Council (QLDC)		
Receivables	(7)	(14,733)
Payables	-	1
	(7)	(14,732)
Wanaka Airport (WKA)		
Receivables	(36)	-
Payables	-	-
	(36)	-
Net (receivable) / payable balance (QLDC)	**(43)**	**(14,732)**
Auckland International Airport Limited (AIAL)		
Receivables	-	-
Payables	13	-
Net (receivable) / payable balance (AIAL)	**13**	**-**

During the prior year 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 was cancelled and improvements relating to Wanaka Airport have been transferred to QLDC. The Company has entered into a management services agreement to provide various services related to the day-to-day operations of Wanaka Airport on behalf of QLDC.

In the prior year the directors took 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 prior year a net loss on the transfer of assets to QLDC of $0.8M was recognised in the Income Statement.

(c) Key Management Personnel Compensation

Key management personnel compensation for the year's ended 30 June 2022 and 30 June 2021 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.

	2022 $ 000's	2021 $ 000's
Short term benefits	1,901	1,814
Total	**1,901**	**1,814**

20 RECONCILIATION OF CASH FLOWS

a) **Operating Activities**	2022 $ 000's	2021 $ 000's
Net profit/(loss) after taxation	(5,411)	(4,064)
Add/(Deduct) non-cash items:		
Amortisation	331	325
Depreciation	6,075	7,143
Loss on cancellation of Wanaka airport lease	159	1,064
Other	2,079	(191)
Changes in Assets and Liabilities:		
(Increase)/decrease in trade and other receivables	(152)	88
(Increase)/decrease in prepayments	(88)	(153)
Increase/(decrease) in current tax payable	(1,629)	1,446
Increase/(decrease) in trade and other payables	(106)	(17,906)
Increase/(decrease) in employee entitlements	278	(221)
(Increase)/decrease in deferred tax liability	-	(1,652)
Movement in items reclassified as investing and financing activities	-	16,226
Net cash flows from operating activities	**1,536**	**2,105**

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Notes to the Financial Statements

for the year ended 30 June 2022

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. Offers for noise mitigation have been extended to homeowners in line with the projected annual aircraft noise contours for calendar years 2021 and 2022.

Inner noise mitigation

Prior to 30 June 2020, 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 impacts of COVID-19. Projected Annual Aircraft Noise Contours for calendar years 2021 and 2022 have not identified any Inner Noise properties eligible for works. 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 2022, 25 homeowners had replied and requested to proceed with design prior to determining whether to accept the offers.

b) Lot 6

During the year ending 30 June 2021 the Company made a compensation payment of $18.34 million for land acquired under the Public Works Act 1981 (PWA) and known as 'Lot 6'. In October 2021 the previous owner, Remarkables Park Ltd (RPL), indicated that it would seek additional compensation under the PWA. As at [8 November 2022], the Company has not received a valid claim for further compensation.

22 CAPITAL COMMITMENTS (for Whole Company)

	2022	2021
	$ 000's	$ 000's
Committed for Acquisition of Property, Plant and Equipment	1,576	6,867
	1,576	6,867

23 SUBSEQUENT EVENTS (for Whole Company)

On 31 August 2022, the Company paid a fully imputed dividend of $1,300,000 in respect of the year ended 30 June 2022. There were no other significant events after balance date.

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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 96% (2021: 97%) of revenue from substantial customers. This equates to $12,255k (2021: $12,352k).

The next two largest customers represent 4% (2021: 3%) of revenue from substantial customers. This equates to $480k (2021: $321k).

	Airfield	Specified Terminal	Total
Year ended 30 June 2022	$ 000's	$ 000's	**$ 000's**
External Income			
Airport charges	6,955	5,881	**12,836**
Licences & aircraft parking	395	724	**1,119**
Government Grants	254	169	**424**
Other revenue	20	12	**31**
Total Income	**7,624**	**6,786**	**14,410**
Expenses			
Administration and other	1,747	908	**2,655**
Professional Services	556	371	**927**
Repairs & maintenance	188	240	**428**
Utilities		904	**904**
Employee renumeration and benefits	4,010	1,692	**5,702**
Impairment and Loss On Assets	1,495	-	**1,495**
Depreciation	2,617	3,458	**6,075**
Amortisation	331	-	**331**
Finance costs	1,583	1,350	**2,933**
Total Expenses	**12,527**	**8,922**	**21,449**
Segment profit/(loss) before income tax	**(4,903)**	**(2,136)**	**(7,040)**
Income tax expense/(benefit)			**(1,629)**
Profit/(loss) for the year			**(5,411)**
Segment total assets	**121,993**	**109,154**	**231,148**
Additions of property plant and equipment included in segment assets	1,203	9,927	**11,131**
Average number of full-time staff equivalents	17	13	**30**

The split between ‘Specified Terminal’ and ‘Airfield’ for the current year is based on the allocation of assets used for determining the aeronautical prices commencing 1 July 2022, after consultation with the airlines. This methodology differs from the prior period.
There are no significant inter-segment transactions.

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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 renumeration 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.

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.

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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. Debt includes both external debt and 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 01 July 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 01 July 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.

	2022 Parameter	**2021** Parameter
Risk free rate – 10 year swap rate yields	1.11%	0.46%
Market risk premium	7.50%	7.50%
Company tax rate	28.00%	28.00%
Debt / (Debt + Equity)	25.00%	25.00%
Debt premium	2.50%	2.50%
Business risk factor (asset beta)	0.70	0.70
Calculated WACC	**6.50%**	6.00%

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 x (1 – TC) x (D/V) + rE x (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).

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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 reset as of 1st July 2021 covering the period FY22-24 (1 July 2021 to 30 June 2024).

This replaced the Pricing Model set 1st July 2012. The prior period was intended to cover nine years, ending one 30th June 2021, with yearly updates to prices during this time. Due to the uncertainty created by COVID, prices were rolled over in FY20 and in FY21. In response to uncertainty created by COVID, prices were updated and fixed for 3 years, with intention to resume normal pricing in FY25 when normal operating conditions resumed.

The FY22 Pricing model deviates substantially from the prior period. A key distinction was the removal of distinction between development and base assets. A series of development models were rolled into a single pricing model with a consistent WACC for simplicity. The pricing approach was altered to align more closely with pricing frameworks adopted by NZ's major airports.

The determination setting the charges included the following key features:
Pricing approach:

- Cost-recovery approach that seeks to recover the future costs of operating and investing in ZQN, including a return on assets.
- Includes allocation of shared costs to meet demand and deliver required service levels and assets consistent with accounting-based allocation approach (ABAA)
- Removal of distinction between development and base assets.

Pricing structure

- Per passenger price on landing for each service category - International jets, Domestic jets and Domestic turboprops.
- Existing baggage claim charges integrated into single passenger price
- Annual inflationary price increase

Pricing model:
Discounted cashflow method to calculate prices that recover the revenue requirement based on forecast costs.

Volume forecast:
QAC used a negotiated passenger forecast with a return to FY19 volumes by FY24. Any wash-ups were removed in favour of fixed pricing. QAC sought to share upside and downside risk with airlines over the COVID period.

General Aviation and Helicopters:
QAC chose to not increase prices for the operators of the General Aviation and Helicopter activities over FY22-24, due to the adverse conditions they faced.

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)	2022 Charge (excl GST)	2021 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

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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)	2022 Charge (excl GST)	2021 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)	2022 Charge (excl GST)	2021 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 2022

i) Passenger Charge – International Jet Services

A charge of $17.86 (excluding GST) per embarking and disembarking passenger (excluding transit passengers, transfer passengers, infants and positioning crew) on fixed wing aircraft operating an international service. (2021: $19.57)

ii) Passenger Charge – Domestic Jet Services

A charge of $10.65 (excluding GST) per embarking and disembarking Passenger (excluding infants and positioning crew) on fixed wing aircraft operating a domestic service. (2021: $9.64)

iii) Passenger Charge – Domestic Turboprop Services

A charge of $10.47 (excluding GST) per embarking and disembarking Passenger (excluding infants and positioning crew) on fixed wing aircraft operating a domestic service. (2021: $8.58)

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29 BAGGAGE MAKE UP CHARGES

BMU prices are no longer differentiated. These assets are included in a single asset base and reflected in a single price. See above.

30 LANDING STATISTICS

a) Scheduled Domestic Services

Aircraft MCTOW (kg)	Aircraft Type	2022	2021
0 to 20,000	DH8C	-	1
20,001 – 26,000	ATR72	750	898
26,001 – 56,000		-	-
56,001 – 71,000	B737-300	-	-
71,001 and greater	A320 /B737-800	3,970	4,436

b) Scheduled International Services

Aircraft MCTOW (kg)	Aircraft Type	2022	2021
0 to 71,000		-	-
71,001 and greater	A320 /B737-800	181	184

c) Other Landings

Aircraft MCTOW (kg)	Aircraft Type	2022	2021
All weights		11,254	14,291

d) Passengers

Class of passenger	2022	2021
Passengers arriving and departing on domestic flights	1,096,655	1,311,587
Passengers arriving and departing on international flights	37,889	25,280

31 INTERRUPTIONS TO SERVICES

There were no planned or unplanned disruptions during the period due to the Airport Operations.
This excludes COVID related (externally imposed) restrictions.

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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 2022

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 31 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 18 November 2022. 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 2022 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.

M Hl

Mike Hawken
Partner
for Deloitte Limited
On behalf of the Auditor-General
Dunedin, New Zealand