
HALF YEAR REPORT

MARLBOROUGH AIRPORT LIMITED

31 December 2021



Report on activities

Financial performance (unaudited)

	Notes	Year ended 31 December 2021		
		Actual	Budget	Variance
		\$ '000	\$ '000	\$ '000
Income				
Aeronautical	(a)	870	1,154	(284)
Non-aeronautical		464	544	(80)
Investment property rental income		22	22	-
Interest		5	1	4
Subvention income		-	-	-
Total income		1,361	1,721	(360)
Expenses				
Operations and maintenance				
Aeronautical		603	700	(97)
Non-aeronautical		572	638	(66)
Other expenditure				
Depreciation, impairment & amortisation expense		354	417	(63)
Employment expenses		197	177	20
Finance costs		38	70	(32)
Bank charges		3	3	-
Subvention expense		-	-	-
Losses / (gains)		(77)	-	(77)
Total expenses	(b)	1,690	2,005	(315)
Profit/(loss) before income tax expense		(329)	(284)	(45)
Less tax expense/(benefit)		(78)	(43)	(35)
Net profit/(loss) after taxation	(c)	(251)	(241)	(10)

Variance to budget

- Total revenue was down by approximately 21% due mainly to fluctuations in COVID-19 Alert Levels during the period. This had a significant negative impact on aeronautical income but less impact on non-aeronautical sources of income, except for parking. Passenger numbers are expected to be below budget for the remainder of the financial year as the impacts of the Omicron variant continue to negatively impact passenger demand.
- Expenditure was under budget by approximately 16% during the period. Cost reductions were realised in many areas including airside repairs and maintenance. However, this is mostly due to timing differences with significantly more maintenance due to commence in the second half of the year. Finance costs were also down due to lower-than-expected interest rates but also the continued delay of the car park expansion project. This is now due to commence in the last quarter of the financial year.
- The overall impact of reduced revenue but also lower expenditure is that the after tax loss for the period was only marginally higher than the budgeted deficit. A similar deficit against budget is forecast for the end of the financial year.

Income Statement (unaudited)
for the half year ended 31 December 2021

	Notes	2021 \$ '000	2020 \$ '000
Revenue from contracts and operations	4.1	1,355	1,349
Interest revenue	4.1	5	-
Gains and (losses)	4.2	19	-
Operations and maintenance	4.2	(1,371)	(1,654)
Finance costs	4.2	17	(8)
Subvention		-	-
Depreciation, impairment and amortisation		(354)	(367)
Profit/(loss) before income tax expense		(329)	(680)
Income tax expense/(benefit)	5.1	(78)	(67)
Total profit/(loss) for the year after tax		(251)	(613)

Statement of Comprehensive Income (unaudited)
for the half year ended 31 December 2021

	2021 \$ '000	2020 \$ '000
Total profit/(loss) for the year after tax	(251)	(613)
Comprehensive income, net of tax		
Items that will not be classified to profit or loss:		
Gain on revaluation of property, plant and equipment	-	-
Income tax relating to revaluation of property, plant and equipment	-	-
Total comprehensive income attributable to equity holders	(251)	(613)

Statement of Changes in Equity (unaudited)
for the half year ended 31 December 2021

	2021 \$ '000	2020 \$ '000
Balance at beginning of the year	3,356	3,810
Total comprehensive income for the year, net of tax	(251)	(613)
Balance at end of the year	3,105	3,197

Statement of Financial Position (unaudited)			
as at 31 December 2021			
	Notes	2021	2020
		\$ '000	\$ '000
Current assets			
Cash and cash equivalents		1,016	768
Trade and other receivables	6	414	298
Current tax assets		14	20
Total current assets		1,444	1,086
Non-current assets			
Property, plant and equipment	7	8,061	8,459
Right of use asset		769	811
Investment property	8	535	480
Deferred tax assets		393	193
Intangible assets	9	-	3
Derivative financial instruments	11	100	-
Total non-current assets		9,858	9,946
Total assets		11,302	11,032
Current liabilities			
Trade and other payables	10	300	475
Lease liability		31	29
Derivative financial instruments	11	-	7
Total current liabilities		331	511
Non-current liabilities			
Derivative financial instruments	11	-	(2)
Provisions	12	4,060	3,490
Borrowings	13	3,035	3,035
Lease liability		770	801
Total non-current liabilities		7,865	7,324
Total liabilities		8,196	7,835
Net assets		3,106	3,197
Equity			
Share capital and other equity instruments	14	1,171	1,171
Asset revaluation reserve		2,120	2,120
Retained earnings	15	(185)	(94)
Total equity		3,106	3,197

Cash flow Statement (unaudited)
for the half year ended 31 December 2021

	2021	2020
	\$ '000	\$ '000
Cash flow from operating activities		
Receipts from customers	1,401	1,246
Payments to suppliers and employees	(1,885)	(1,835)
Interest and other costs of finance paid	(36)	(41)
Income tax paid (net of refunds)	(20)	135
Receive subvention payment	-	(112)
Net cash provided by operating activities	(540)	(607)
Cash flow from investing activities		
Payments for property, plant and equipment	(218)	(169)
Payments for intangibles	-	1
Interest received	5	-
Net cash used in investing activities	(194)	(168)
Cash flow from financing activities		
Repayment of lease liability	(15)	(15)
Repayment of related party borrowings	-	1,000
Net cash provided by financing activities	(15)	985
Net increase in cash and cash equivalents	(749)	210
Cash and cash equivalents at the beginning of the financial year	1,765	558
Cash and cash equivalents at the end of the financial year	1,016	768

NOTES TO THE FINANCIAL STATEMENTS

For the Half Year Ended 31 December 2021

1. Company information

The Financial Statements comprise the activities of Marlborough Airport Limited (MAL) for the Half Year ended 31 December 2021.

MAL is an Airport Company pursuant to Section 3 of the Airport Authorities Act 1966 and is a Council Controlled Organisation (CCO) under section 6 of the Local Government Act 2002 being a wholly owned subsidiary of MDC Holdings Limited.

MDC Holdings Limited is a 100% owned subsidiary company of Marlborough District Council.

The Company is a reporting entity for the purposes of the Financial Reporting Act 2013 and its financial statements comply with that Act and the Companies Act 1993 and the Local Government Act 2002.

2. Basis of preparation

The condensed interim financial statements have been prepared in accordance with the New Zealand equivalents to International Financial Reporting Standards (NZIFRS) NZIAS 34 Interim Financial Reporting.

The unaudited financial statements for the six months to 31 December 2021 have been prepared in accordance with the same Accounting Policies as stated in the financial statements for the year ended 30 June 2021.

The financial statements were authorised for issue by the Directors on 28 February 2022.

3. Further information

a. New Standards adopted

No new standards have been adopted.

b. Significant events and transactions

There have been no significant events, transactions or changes in estimates since the last annual report.

c. Capital commitments

MAL has no capital commitments as at 31 December 2021, (June 2021: Nil).

d. Contingent assets and liabilities

MAL has no contingent assets or liabilities as at 31 December 2021, (June 2021: Nil).

e. Events after the reporting period

At the time of preparation of these Financial Statements there were no post balance date events requiring disclosure (June 2021: Nil).

4 Profit from Operations

4.1 Revenue

Revenue from operations consisted of the following items:

	2021	2020
	\$ '000	\$ '000
Revenue from contracts:		
Landing charges	870	875
Rental lease and concessions	187	168
Total revenue from contracts	1,057	1,043
Other operating revenue:		
Parking	209	218
Investment property rental income	22	22
Outgoings recovered	67	66
Total revenue from operations	1,355	1,349
Interest revenue:		
Bank deposits/IRD use of money	5	-
Total revenue attributable to operations	1,360	1,349

4.2 Expenses

Profit/(Loss) before income tax has been arrived at after charging the following expenses to operations:

	2021	2020
	\$ '000	\$ '000
Operations and maintenance		
Administration expense	951	885
Management fees	83	69
Impairments - expected credit loss	-	-
Repairs and maintenance	337	700
Total operations and maintenance	1,371	1,654
Finance costs		
Interest expense - related party loans	23	26
Bank charges	3	4
Loss or (gain) on fair value of interest rate swaps	(58)	(37)
Interest expense - lease liability	15	16
Total finance costs	(17)	9
Losses and (gains)		
- on fair value of Investment Property	-	-
- on sale or disposal of fixed assets	(19)	-
Total losses and (gains)	(19)	-

5 Taxation

5.1 Reconciliation of income tax

	2021	2020
	\$ '000	\$ '000
Profit/(loss) before income tax expense	(329)	(680)
Tax at current rate 28%	(92)	(190)
Plus/(less) tax adjustments:		
Non-deductible expenses	14	255
Income tax expense recognised on the Statement of Comprehensive Income	(78)	65
Comprising:		
Current tax expense	27	-
Deferred tax credit	(105)	65
Total tax expense	(78)	65

6 Trade and other receivables

	2021	2020
	\$ '000	\$ '000
Trade and other receivables	414	303
Expected Credit Loss	-	(5)
Balance at end of the year	414	298

7 Property, Plant and Equipment (PPE)

Fair Value Asset Report December 2021

	Cost/Fair Value \$'000	Accumulated Depreciation \$'000	Carrying Amount \$'000	Additions \$'000	Disposals \$'000	Disposal Depreciation Adjustment \$'000	Depreciation \$'000	Cost/ Fair Value \$'000	Accumulated Depreciation \$'000	Carrying Amount \$'000
	1 July 2021							31 December 2021		
Freehold carparks and land improvements	2,050	(185)	1,865	-	-	-	(93)	2,050	(278)	1,772
Buildings	6,014	(403)	5,610	-	-	-	(203)	6,014	(606)	5,407
Plant and Equipment	557	(399)	158	52	(47)	33	(18)	562	(384)	178
Furniture and Fittings	334	(190)	144	2	(1)	-	(18)	336	(208)	127
Work In Progress	397	-	397	179	-	-	-	576	-	576
Assets Excluding Intangibles and Invest	9,353	(1,177)	8,176	233	(48)	33	(332)	9,537	(1,476)	8,061

During the period significant progress was made on the planning and development of the new car park. Work in progress additions of \$179,000 included payments made on new parking equipment and finalising detailed design and resource consent work. Building is set to commence in the second half of the 2022 financial year.

8 Investment property

	2021	2020
	\$ '000	\$ '000
Balance at beginning of the year	535	480
Net gain / (loss) from fair value adjustment	-	-
Balance at end of the year	535	480

9 Intangible assets

	2021	2020
	\$ '000	\$ '000
Software gross carrying amount:		
Balance at beginning of the year	112	112
Additions	-	-
Balance at end of the year	112	112
Software accumulated amortisation and impairment:		
Balance at beginning of the year	112	101
Amortisation	-	8
Balance at end of the year	112	109
Software net book value at end of the year	-	3

10 Trade and other payables

	2021	2020
	\$ '000	\$ '000
Trade creditors	197	126
Expenses accrued	29	288
Income in advance	33	27
GST payable	7	(17)
Payroll liabilities	28	45
Related parties - Interest	6	6
Balance at end of the year	300	475

11 Derivative financial instruments (interest rate swaps)

11.1 Interest rate swap liability at fair value through profit or loss (FVTPL)

	2021	2020
	\$ '000	\$ '000
Interest rate swap liability at FVTPL	-	(5)
Classified as:		
Current	-	(7)
Non-current	100	2

11.2 Interest rate swap contracts

	2021	2020
	\$ '000	\$ '000
Interest rate swap contracts with ASB bank	400	900
Interest rate swap contracts with Westpac bank	2,250	-
Active swaps	2,650	900
Forward dated swaps	-	-

12 Provisions

Provision for runway reseal

	2021	2020
	\$ '000	\$ '000
Balance at beginning of the year	3,786	3,249
Additions	274	241
Balance at end of year	4,060	3,490
Classified as:		
Non-current	4,060	3,490

13 Borrowings

	2021	2020
	\$ '000	\$ '000
Opening unsecured loans from parent at amortised cost	3,035	2,035
Less repayments	-	(1,000)
Unsecured loans from parent at amortised cost	3,035	3,035
Classified as:		
Non-current	3,035	3,035

14 Share Capital

	2021	2020
	\$ '000	\$ '000
1,170,726 fully paid ordinary shares (2020: 1,170,726)	1,171	1,171

15 Retained Earnings

	2021	2020
	\$ '000	\$ '000
Balance at beginning of the year	66	519
Net profit/(loss) for the year net of tax	(251)	(613)
Balance at end of the year	(185)	(94)

Company Directory

Directors

R W Olliver (retired 13 December 2021)
J C Leggett
M A Peters
M S Wheeler
A M Barton
D D Oddie
M B J Kerr

Registered Office

Marlborough District Council
15 Seymour Street
Blenheim

Company Number

517274

CEO

Dean Heiford
Marlborough District Council
Telephone (03) 520 7400

Auditor

Nicole Dring of Deloitte Limited on behalf of the Office of the Auditor General

Banker

Bank of New Zealand
Market Street
Blenheim
Telephone (03) 577 2712

Solicitors

Ford Sumner Lawyers
Level 7 Midland Chambers
45 Johnston Street
Wellington
Telephone (04) 9103200

Shareholders

MDC Holdings Limited - 100%
1,170,726 shares