
HALF YEAR REPORT

MARLBOROUGH AIRPORT LIMITED

31 December 2023



Report on activities

Financial performance (unaudited)

		Year ended 31 December 2023		
		Actual	Budget	Variance
		\$ '000	\$ '000	\$ '000
Income				
	Aeronautical	1,719	1,789	(70)
	Non-aeronautical	708	747	(39)
	Interest	75	25	50
	Total income	2,502	2,561	(59)
	(a)			
Expenses				
Operations and maintenance				
	Aeronautical	927	935	(8)
	Non-aeronautical	763	692	71
Other expenditure				
	Depreciation, impairment & amortisation expense	415	411	4
	Employment expenses	235	229	6
	Finance costs	154	154	-
	Loss on swap valuation	82	-	82
	Total expenses	2,576	2,421	155
	(b)			
	Profit/(loss) before income tax expense	(74)	140	(214)
	Less tax expense/(benefit)	-	49	(49)
	Net profit/(loss) after taxation	(74)	91	(165)
	(c)			

Variance to budget

- Total revenue was below budget by approximately 2.% due to weaker than expected passenger demand. Interest receipts were significantly higher due to the rebound in interest rates and favourable swap positions on debt. Non-aeronautical revenue is also ahead of budget with the new carpark operational.
- Expenditure was over budget by approximately 6.4% during the period. Of this \$82,000 was unbudgeted loss on swap valuation with the remaining \$72,000 including minor expenditure around the new carpark commissioning.
- The overall result was an after tax loss of \$74,000 against a budgeted profit of \$91,000. The full year result is very much dependent on passenger numbers.

Income Statement (unaudited) For the half year ended 31 December 2023

	Notes	2023 \$ '000	2022 \$ '000
Revenue from contracts and operations	4.1	2,427	2,259
Interest revenue	4.1	75	51
Gains and (losses)		-	(7)
Operations and maintenance	4.2	(1,925)	(1,630)
Finance costs	4.2	(236)	(70)
Depreciation, impairment and amortisation	8	(415)	(352)
Profit/(loss) before income tax expense		(74)	251
Income tax expense/(benefit)	5	-	80
Total profit/(loss) for the year after tax		(74)	171

Statement of Comprehensive Income (unaudited) For the half year ended 31 December 2023

	Notes	2023 \$ '000	2022 \$ '000
Total profit/(loss) for the year after tax		(74)	171
Comprehensive income, net of tax			
Items that will not be classified to profit or loss:			
Total comprehensive income attributable to equity holders		(74)	171

Statement of Changes in Equity (unaudited) For the half year ended 31 December 2023

	2023 \$ '000	2022 \$ '000
Balance at beginning of the year	3,707	3,667
Total comprehensive income for the year, net of tax	(74)	171
Balance at end of the year	3,633	3,838

**Statement of Financial Position (unaudited)
as at 31 December 2023**

	Notes	2023 \$ '000	2022 \$ '000
Current assets			
Cash and cash equivalents		569	1,308
Trade and other receivables	6	683	630
Derivative financial instruments		42	-
Total current assets		1,294	1,938
Non-current assets			
Property, plant and equipment	8	12,233	9,529
Investment property	9	560	580
Right of use asset		684	726
Deferred tax assets		845	410
Derivative financial instruments	10.1	10	135
Total non-current assets		14,332	11,380
Total assets		15,626	13,318
Current liabilities			
Trade and other payables	9	313	376
Lease liability		31	32
Current tax liability		11	85
Total current liabilities		355	493
Non-current liabilities			
Provisions	11	6,414	5,215
Borrowings	12	4,520	3,035
Lease liability		705	737
Total non-current liabilities		11,639	8,987
Total liabilities		11,994	9,480
Net assets		3,632	3,838
Equity			
Share capital and other equity instruments	13	1,171	1,171
Asset revaluation reserve		2,998	2,998
Retained earnings	14	(536)	(331)
Total equity		3,633	3,838

Cash flow Statement (unaudited) for the half year ended 31 December 2023

	2023	2022
	\$ '000	\$ '000
Cash flow from operating activities		
Receipts from customers	2,258	2,103
Payments to suppliers and employees	(2,069)	(993)
Interest and other costs of finance paid	(139)	(60)
Income tax paid (net of refunds)	(425)	(170)
Net cash provided by operating activities	(375)	880
Cash flow from investing activities		
Payments for property, plant and equipment	(1,583)	(528)
Interest received	75	51
Net cash used in investing activities	(1,508)	(477)
Cash flow from financing activities		
Repayment of lease liability	(17)	(16)
Repayment of related party borrowings	1,500	-
Net cash provided by financing activities	1,483	(16)
Net increase in cash and cash equivalents	(400)	387
Cash and cash equivalents at the beginning of the financial year	969	921
Cash and cash equivalents at the end of the financial year	569	1,308

Notes to the Financial Statements

For the Half Year Ended 31 December 2023

1. Company information

The Financial Statements comprise the activities of Marlborough Airport Limited (MAL) for the Half Year ended 31 December 2023.

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 2023 have been prepared in accordance with the same Accounting Policies as stated in the financial statements for the year ended 30 June 2023.

The financial statements were authorised for issue by the Directors on 25 September 2023.

3. Further information

a. New Standards adopted

No new standards have been adopted.

b. Significant events and transactions

The only significant events, transactions or changes in estimates since the last annual report was the actual opening of the new carpark as anticipated.

c. Capital commitments

MAL has no capital commitments as at 31 December 2023, (June 2023: Nil).

d. Contingent assets and liabilities

MAL has no contingent assets or liabilities as at 31 December 2022, (June 2023: \$1.62 million).

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 2022: the expected opening of the new carpark).

4 Profit from Operations

4.1 Revenue

Revenue from operations consisted of the following items:

	2023	2022
	\$ '000	\$ '000
Revenue from contracts:		
Landing charges	1,719	1,699
Rental lease and concessions	230	208
Total revenue from contracts	1,949	1,907
Other operating revenue:		
Parking	397	274
Investment property rental income	24	24
Outgoings recovered	57	54
Total revenue from operations	2,427	2,259
Interest revenue:		
Bank deposits/IRD use of money	75	51
Total revenue attributable to operations	2,502	2,310

4.2 Expenses

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

	2023	2022
	\$ '000	\$ '000
Operations and maintenance		
Administration expense	1,034	983
Management fees	112	101
Expenses from investment property	-	1
Repairs and maintenance	779	545
Total operations and maintenance	1,925	1,630
Finance costs		
Interest expense - related party loans	137	54
Bank charges	3	2
Loss or (gain) on fair value of interest rate swaps	82	7
Interest expense - lease liability	14	14
Total finance costs	236	77

5 Taxation

5.1 Reconciliation of income tax

	2023	2022
	\$ '000	\$ '000
Profit/(loss) before income tax expense	(74)	251
Tax at current rate 28%	(21)	70
Plus/(less) tax adjustments:		
Non-deductible items	21	10
Income tax expense recognised on the Statement of Comprehensive Income	-	80
Comprising:		
Current tax expense	200	246
Deferred tax credit	(200)	(166)
Total tax expense	-	80

6 Trade and other receivables

	2023	2022
	\$ '000	\$ '000
Trade and other receivables	683	630
Balance at end of the year	683	630

7 Property, Plant and Equipment (PPE)

	Cost / Fair value	Accumulated depreciation	Carrying amount	Additions	Disposals	Depreciation	Cost / Fair value	Accumulated depreciation	Carrying amount
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
	1 July 2023			31 December 2023					
Freehold carpark and land improvements	2,132	(177)	1,955	1,034	-	(141)	6,097	(318)	5,779
Buildings	6,169	(382)	5,787	16	-	(194)	6,185	(576)	5,609
Plant and equipment	763	(293)	471	261	(3)	(45)	1,022	(338)	687
Office, furniture and fittings	330	(253)	77	96	-	(14)	426	(267)	158
Work in progress	2,762	-	2,762	175	-	-	6	-	6
Total PPE	12,156	(1,105)	11,051	1,582	(3)	(394)	16,666	(1,499)	12,239

The table shows the completion of the car park project with just over \$1 million spent in the period and the transfer of the work in progress from last year to the new asset.

8 Investment property

	2023	2022
	\$ '000	\$ '000
Balance at beginning of the year	560	580
Net gain / (loss) from fair value adjustment	-	-
Balance at end of the year	560	580

9 Trade and other payables

	2023	2022
	\$ '000	\$ '000
Trade creditors	113	221
Expenses accrued	(8)	12
Income in advance	29	29
GST payable	81	54
Payroll liabilities	61	43
Related parties - Interest	37	17
Balance at end of the year	313	376

10 Derivative financial instruments (interest rate swaps)

10.1 Interest rate swap assets at fair value through profit or loss (FVTPL)

	2023	2022
	\$ '000	\$ '000
Interest rate swap asset at FVTPL	52	135
Classified as:		
Current	42	-
Non-current	10	135

10.2 Interest rate swap contracts

	2023	2022
	\$ '000	\$ '000
Interest rate swap contracts with Westpac	5,750	2,250
Active swaps	3,250	2,250
Forward dated swaps	2,500	-

11 Provision for runway reseal

	2023	2022
	\$ '000	\$ '000
Balance at beginning of the year	5,836	4,727
Additions	578	488
Balance at end of year	6,414	5,215
Classified as:		
Non-current	6,414	5,215

Note: this provision will be current at year end.

12 Borrowings

	2023	2022
	\$ '000	\$ '000
Opening unsecured loans from parent at amortised cost	3,020	3,035
Plus drawn down	1,500	-
Unsecured loans from parent at amortised cost	4,520	3,035
Classified as:		
Non-current	4,520	3,035

13 Share Capital

	2023	2022
	\$ '000	\$ '000
1,170,726 fully paid ordinary shares (2022: 1,170,726)	1,171	1,171

14 Retained Earnings

	2023	2022
	\$ '000	\$ '000
Balance at beginning of the year	(462)	(502)
Net profit/(loss) for the year net of tax	(74)	171
Balance at end of the year	(536)	(331)

Company Directory

Directors

M B J Kerr (Chairperson)

N P Taylor

J D N Croad

M S Wheeler

MDC is in process of appointing an additional independent director

Registered Office

Marlborough District Council

15 Seymour Street

Blenheim

Company Number

517274

CEO

Dean Heiford

Marlborough District Council

Telephone (03) 520 7400

Auditor

Anthony Smith 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