

**Airbus New Zealand Limited  
and its controlled entity  
NZBN: 942 904 095 7753**

**General Purpose (RDR) Consolidated Financial Statements  
for the year ended 31 December 2022**

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## Consolidated Statement of Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	2022 \$	2021 \$
Revenue from contracts with customers	5	124,686,651	105,214,144
Cost of sales		<u>(103,274,815)</u>	<u>(87,057,725)</u>
<b>Gross profit</b>		21,411,836	18,156,419
Administration costs		(4,250,277)	(5,501,213)
Other operating expenses	6	<u>(237,093)</u>	<u>-</u>
<b>OPERATING PROFIT</b>		16,924,466	12,655,206
<b>RESULT FROM INTEREST</b>			
Finance income	7	246,682	9,075
Finance costs	7	<u>(85,339)</u>	<u>(63,487)</u>
		161,343	(54,412)
Foreign exchange loss	8	1,601,164	69,408
<b>Profit before tax</b>		<u>18,686,973</u>	<u>12,670,202</u>
Income tax expense	9	<u>(5,733,672)</u>	<u>(3,822,915)</u>
<b>NET PROFIT FOR THE PERIOD</b>		12,953,301	8,847,287
Attributable to:			
Equity holders of the parent		12,953,301	8,847,287
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>			
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:			
Foreign currency translation reserve		<u>28,137</u>	<u>(24,358)</u>
<b>Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods</b>		28,137	(24,358)
<b>Other comprehensive income/(loss) for the year, net of tax</b>		<u>28,137</u>	<u>(24,358)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>12,981,438</u>	<u>8,822,929</u>
Attributable to:			
Equity holders of the parent		<u>12,981,438</u>	<u>8,822,929</u>

The accompanying accounting policies and notes form part of these consolidated financial statements.


## Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2022

	Note	2022 \$	2021 \$
<b>CURRENT ASSETS</b>			
Inventories	10	39,110,082	22,329,024
Trade receivables and contract assets	11	10,121,487	8,568,210
Current other financial assets	12	13,396,553	21,836,072
Current other assets	13	142,335	87,141
Cash and cash equivalents	25	15,030,855	8,375,467
<b>TOTAL CURRENT ASSETS</b>		<b>77,801,312</b>	<b>61,195,914</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	15	4,763,336	5,151,444
Right-of-use assets	26	780,225	1,304,398
Deferred tax assets	9	1,531,246	1,463,964
		<b>7,074,807</b>	<b>7,919,806</b>
<b>TOTAL ASSETS</b>		<b>84,876,119</b>	<b>69,115,720</b>
<b>CURRENT LIABILITIES</b>			
Provisions	16	1,882,490	1,937,621
Employee benefit liabilities	17	1,641,272	1,353,513
Trade payables	18	5,654,043	14,100,501
Income tax payable		5,879,186	1,950,522
Other liabilities	19	20,821,470	1,442,354
Contract liabilities	20	11,710,035	12,287,297
Lease liabilities	26	303,121	535,526
<b>TOTAL CURRENT LIABILITIES</b>		<b>47,891,617</b>	<b>33,607,334</b>
<b>NON-CURRENT LIABILITIES</b>			
Employee benefit liability	17	125,945	117,059
Contract liabilities	20	3,847,966	5,182,035
Lease liabilities	26	521,255	824,376
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>4,495,166</b>	<b>6,123,470</b>
<b>TOTAL LIABILITIES</b>		<b>52,386,783</b>	<b>39,730,804</b>
<b>NET ASSETS</b>		<b>32,489,336</b>	<b>29,384,916</b>
<b>EQUITY</b>			
Issued capital	22	243,000	243,000
Retained earnings		32,246,336	29,299,926
Foreign currency translation reserve		-	(158,010)
<b>TOTAL EQUITY</b>		<b>32,489,336</b>	<b>29,384,916</b>

The above consolidated statements of financial position should be read in conjunction with the accompanying notes.

For and on behalf of the Board, who authorised the issue of these consolidated financial statements on:

  
Christian Venzal

Director  
Date: 27 April 2023

## Consolidated Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Attributable to the equity holders of the parent			Total
	Fully paid ordinary shares	Retained earnings	Foreign Currency Translation Reserve	
	\$	\$	\$	
<b>As at 1 January 2021</b>	243,000	22,966,185	(133,652)	23,075,533
Total comprehensive income	-	8,847,287	(24,358)	8,822,929
Profit for the year	-	8,847,287	-	8,847,287
Other comprehensive loss	-	-	(24,358)	(24,358)
Dividend paid	-	(2,513,546)	-	(2,513,546)
<b>Closing balance as at 31 December 2021</b>	<b>243,000</b>	<b>29,299,926</b>	<b>(158,010)</b>	<b>29,384,916</b>
<b>As at 1 January 2022</b>	243,000	29,299,926	(158,010)	29,384,916
Total comprehensive income	-	12,953,301	28,137	12,981,438
Profit for the year	-	12,953,301	-	12,953,301
Other comprehensive income	-	-	28,137	28,137
FCTR transfer within equity	-	(129,873)	129,873	-
Dividend paid	-	(9,877,018)	-	(9,877,018)
<b>Closing balance as at 31 December 2022</b>	<b>243,000</b>	<b>32,246,336</b>	<b>-</b>	<b>32,489,336</b>

The accompanying accounting policies and notes form part of these consolidated financial statements.

## Consolidated Statement of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	2022 \$	2021 \$
<b>OPERATING ACTIVITIES</b>			
Receipts from customers		139,302,309	112,962,293
Payments to suppliers and employees		(120,564,601)	(102,831,086)
Interest received		246,682	9,075
Interest paid		(85,339)	(63,487)
Taxation paid		(2,053,295)	(3,271,490)
<b>NET CASH INFLOWS FROM OPERATING ACTIVITIES</b>	25(b)	<u>16,845,756</u>	<u>6,805,305</u>
<b>INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	15	<u>(545,179)</u>	<u>(416,683)</u>
<b>NET CASH OUTFLOWS FROM INVESTING ACTIVITIES</b>		<u>(545,179)</u>	<u>(416,683)</u>
<b>FINANCING ACTIVITIES</b>			
Payment of principal portion of lease liabilities		(463,685)	(665,319)
Proceeds from disposal of a subsidiary		695,514	-
Dividend paid	24	<u>(9,877,018)</u>	<u>(2,513,546)</u>
<b>NET CASH OUTFLOWS FROM FINANCING ACTIVITIES</b>		<u>(9,645,189)</u>	<u>(3,178,865)</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
Foreign currency translation		-	(5,933)
Cash and cash equivalents at the beginning of the financial year		<u>8,375,467</u>	<u>5,171,643</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>		<u>15,030,855</u>	<u>8,375,467</u>

The accompanying accounting policies and notes form part of these consolidated financial statements.

## Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

### 1. GENERAL INFORMATION

The consolidated financial statements of Airbus New Zealand Limited and its subsidiary ("the group") for the year ended 31 December 2022 was authorised for issue in accordance with a resolution of the Board of Directors on the date the Directors Declaration was signed. Airbus New Zealand Limited is an unlisted public company limited by shares that is incorporated and domiciled in New Zealand. Airbus New Zealand Limited is the New Zealand parent entity and its ultimate parent entity is Airbus Group SE. Airbus New Zealand Limited's registered office and principal place of business are as follows:

**Registered office:**  
Simpson Grierson  
Level 27  
Lumley Centre  
88 Shortland Street  
Auckland 1141  
New Zealand

**Principal place of business:**  
Blenheim Airport  
Blenheim  
New Zealand

The group's principal activities in the course of the year ended 31 December 2022 was engineering services.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Preparation

The consolidated financial statements comply with New Zealand equivalents to International Financial Reporting Reduced Disclosure Scheme (NZ IFRS RDR). The group is eligible to report in accordance with NZ IFRS RDR on the basis that it does not have public accountability and is not a large public sector entity.

The consolidated financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP) and the requirements of the Financial Markets Conduct Act 2013. For the purposes of complying with NZ GAAP the entity is a for-profit entity.

The consolidated financial statements have been prepared on a historical cost basis with the exception of certain items as identified in specific accounting policies below and are presented in New Zealand dollars rounding to the nearest dollar. The consolidated financial statements provide comparative information in respect of the previous period.

#### Significant Accounting Judgements, Estimates and Assumptions

In applying the group's accounting policies, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period of the revision and future periods if the revision affects both current and future periods. Refer to Note 4 for a discussion of critical judgements in applying the group's accounting policies, and key sources of estimation

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

## Notes to the Consolidated Financial Statements (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Principles of Consolidation

The consolidated accounts are those of the Group, comprising Airbus New Zealand Limited (the parent entity) and the entities which Airbus New Zealand Limited controlled from time to time during the year and at balance date. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement(s) with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

#### Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

## Notes to the Consolidated Financial Statements (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Current versus non-current classification (continued)

A liability is current when:

- it is expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

#### Foreign Currency

The functional and presentation currency of Airbus New Zealand Limited is New Zealand Dollars. Each entity in the group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All exchange differences in the consolidated financial report are taken to profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

The functional currency of the foreign subsidiary Airbus New Zealand (Australia) Pty Limited (formerly Safe Air Australia Pty Limited) is Australian dollars. Airbus New Zealand Limited disposed of 100% of its shareholding in Airbus New Zealand (Australia) Pty Limited during the year. Therefore, the Statement of Financial Position at reporting date does not include assets and liabilities of Airbus New Zealand (Australia) Pty Limited. The income statement is translated at the average rate for the period up to the date of disposal of Airbus New Zealand (Australia) Pty Limited.

#### Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the Cash Flow Statement on a gross basis. The GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

## Notes to the Consolidated Financial Statements (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Revenue from Contracts with Customers

The Group is in the business of providing spares, maintenance, repair, engineering and technical services, training, overhaul and engine monitoring services to civil and governmental customers. Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has elected to use the practical expedient not to adjust revenue for the effect of financing components where the expectation is that the period between the transfer of goods and services to customers and the receipt of payment is less than a year. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The specific recognition criteria described below must also be met before revenue is recognised:

#### *Sale of Helicopters*

Revenue from sale of helicopters is recognised at the point in time when control of the helicopter is transferred to the customer, generally on delivery of the helicopter. Payment for the sale of helicopters is required in full upon delivery.

#### *Sale of Spare Parts*

Revenue from sale of spare parts is recognised at the point in time when control of the spare parts is transferred to the customer, generally on delivery. The normal credit term is 30 days upon delivery.

#### *Rendering of Services*

#### Survey & Quote Services

Survey and quote services are specific requests from customers and are usually completed in a period of less than a year. Where delivery of service for the identified performance obligations is determined to be overtime, revenue is recognised over time by reference to the progress towards complete satisfaction of the performance obligation provided the outcome of the contract can be assessed with reasonable certainty. Progress towards complete satisfaction of the performance obligation is measured using an input method because the customer simultaneously receives and consumes the benefits provided by the Group. Where delivery is determined to be at a point in time, revenue is recognised when control is passed to the customer and the customer can consume the benefits of the service provided.

#### *Contract Balances*

#### Contract Assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. Where the Group has satisfied the performance obligation in line with the contract by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

#### Trade Receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

#### Contract Liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

## Notes to the Consolidated Financial Statements (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Interest Income

Interest revenue is accrued over time.

#### Income Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

## Notes to the Consolidated Financial Statements (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Cash and Cash Equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

#### Trade and Other Receivables

Trade receivables are recognised and carried at amortised cost less any expected credit losses ("ECLs"). The Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Receivables from related parties are recognised and carried at the amortised cost. Interest is taken up as income on an accrual basis.

#### Inventories

Inventories are measured at the lower of acquisition cost (generally the average cost) or manufacturing cost and net realisable value. Manufacturing costs comprise all costs that are directly attributable to the manufacturing process, such as direct material and labour, and production related overheads (based on normal operating capacity and normal consumption of material, labour and other production costs), including depreciation charges. Net realisable value is the estimated selling price in the ordinary course of the business less applicable variable selling expenses.

#### Investments

Long-term investments in controlled entities are carried at the lower of cost and recoverable amount.

#### Property, Plant and Equipment

##### Cost

Property, plant and equipment are carried at cost. Assets are not revalued to an amount above their recoverable amount and where carrying value exceeds this recoverable amount, assets are written down. In determining recoverable amounts, cash flows are discounted. Buildings have been constructed on leasehold land owned by the operators of the relevant airports.

##### Depreciation

Depreciation of buildings, plant, fixtures and fittings and motor vehicles is provided to write-off these assets over their expected economic life. The straight line method of depreciation has been used. No depreciation is provided until the assets are put into commercial operation, nor is any further provision made once assets become fully depreciated. Profits and losses on disposal of fixed assets are taken into account in determining the profit for the year. Major depreciation rates are:

- Plant and equipment 3 – 10 years
- Buildings and leasehold improvements 15 – 50 years

## Notes to the Consolidated Financial Statements (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Property, Plant and Equipment (continued)

##### *Impairment of assets*

The carrying values of plant and equipment are reviewed for impairment when indicators of impairment exist, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, 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 an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

##### **Leases**

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

##### *Group as a Lessee*

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

##### *i) Right-of-Use Assets*

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- plant and equipment            3 – 10 years
- leasehold buildings            15 – 50 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policy note on impairment of non-financial assets below.

##### *ii) Lease Liabilities*

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

## Notes to the Consolidated Financial Statements (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Leases (continued)

##### *ii) Lease Liabilities (continued)*

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Refer to Note 26 for the carrying amount of the Group's lease liabilities.

##### *iii) Short-Term Leases and Leases of Low-Value Assets*

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expenses on a straight-line basis over the lease term.

#### Trade and Other Payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the group prior to the end of the financial year that are unpaid and arise when the group becomes obliged to make future payments in respect of the purchase of these goods and services.

#### Provisions

Provisions are recognised when the group has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

#### Employee Leave Benefits

##### *Wages, Salaries and Annual Leave*

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

##### *Long Service Leave*

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

#### Interest-Bearing Liabilities

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised.

## Notes to the Consolidated Financial Statements (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Contributed Equity**

Issued and paid-up share capital is recognised at the fair value of the consideration received by the Company.

#### **Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

#### **Cash Dividend**

The Company recognises a liability to pay a dividend when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws of Australia, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

#### **Financial Instruments – Initial Recognition and Subsequent Measurement**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### **i) Financial Assets**

##### *Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under NZ IFRS 15. Refer to the accounting policies in the revenue from contracts with customers section above.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

##### *Subsequent Measurement*

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments);
- Financial assets at fair value through profit or loss.

##### *Financial Assets at Amortised Cost (Debt Instruments)*

This category is the only category that is relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

## Notes to the Consolidated Financial Statements (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Financial Instruments – Initial Recognition and Subsequent Measurement (continued)

##### *i) Financial Assets (continued)*

##### *Financial Assets at Amortised Cost (Debt Instruments) (continued)*

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost include trade receivables. For more information on receivables, refer to Note 11.

##### *Derecognition*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

##### *Impairment of Financial Assets*

Further disclosures relating to impairment of financial assets are also provided in Note 12.

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12- months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

## Notes to the Consolidated Financial Statements (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Financial Instruments – Initial Recognition and Subsequent Measurement (continued)

##### ii) Financial Liabilities

###### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables.

###### *Subsequent Measurement*

The measurement of financial liabilities depends on their classification, as described below.

###### *Trade and Other Payables*

This is the only category that is relevant to the Group. Refer to the Trade and other payables accounting policy note above for further details.

###### *Derecognition*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

###### *Offsetting of Financial Instruments*

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

#### Impairment of Non-Financial Assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

### 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

#### New and Amended Standards and Interpretations

Several amendments and interpretations apply for the first time in 2022, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

## Notes to the Consolidated Financial Statements (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

### 4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of consolidated financial statements requires the use of certain critical accounting estimates. It also requires the directors to exercise their judgement in the process of applying the Group's accounting policies. Estimates and associated assumptions are based on historical experience and other factors, as appropriate to the particular circumstances. The Group reviews the estimates and assumptions on an ongoing basis. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed below:

#### *Taxation*

The preparation of the consolidated financial statements requires management to make estimates about items that are not known at the balance date or prior to the Group finalising the consolidated financial statements. These items may ultimately impact the amount of tax payable by the Group.

Judgements are also required about the application of income tax legislation. These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised the Statement of Financial Position and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amounts of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or change to the Income Statement. Further information is provided in the accounting policies under "Taxation" and Note 9 Income Tax.

#### *Determining the Lease Term of Contracts with Renewal and Termination Options – Group as Lessee*

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group has not included renewal periods for any of its leases as part of the lease term as it has considered them as not reasonably certain to be exercised. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Refer to Note 26 for information on potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.

#### *Maintenance Warranty*

A provision for warranty is recognised for all products under warranty at the reporting date based on sales volume and past experience of the level of repairs and returns.

In determining the level of provision required for maintenance warranties the group has made judgements in respect of the expected performance of the product, number of customers who will actually use the maintenance warranty and the costs of fulfilling the performance of the maintenance warranty. Historical experience and current knowledge of the performance of products has been used in determining this provision. The related carrying amounts are disclosed in Note 16.

## Notes to the Consolidated Financial Statements (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

### 4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

#### *Provision for Expected Credit Losses ("ECLs") of Trade Receivables and Contract Assets*

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type and rating).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults for certain customer groups, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Note 11.

#### *Estimation of Useful Lives of Assets*

The estimation of the useful lives of assets has been based on historical experience as well as manufacturers' warranties, lease terms and turnover policies. In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful life are made when considered necessary. The related carrying amounts are disclosed in Note 15.

#### *Leases - Estimating the Incremental Borrowing Rate*

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

#### *Inventory - Estimating the provision for diminution in value*

Management assesses the value of inventory that is likely to be obsolete using their knowledge and experience regarding the nature of the inventory items, age of inventories and judgement on current and future business needs. Based on this, a provision for diminution in value is recognised. To the extent that these judgements and assumptions prove incorrect, the Group may be exposed to potential additional inventory write-downs in future periods. The related carrying amount is disclosed in Note 10.

## Notes to the Consolidated Financial Statements (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

### 5. REVENUE FROM CONTRACTS WITH CUSTOMERS

#### 5.1 Disaggregated Revenue Information

For the year ended 31 December 2022				
Segments	Programs	Supports and Services	Other	Total
	\$	\$	\$	\$
<b>Type of goods or services</b>				
Sale of helicopters	52,313,967	-	-	52,313,967
Customer support	-	72,372,684	-	72,372,684
Other	-	-	-	-
<b>Total revenue from contracts with customers</b>	<b>52,313,967</b>	<b>72,372,684</b>	<b>-</b>	<b>124,686,651</b>
<b>Geographical markets</b>				
Australia	-	181,111	-	181,111
New Zealand	52,313,967	72,191,573	-	124,505,540
<b>Total revenue from contracts with customers</b>	<b>52,313,967</b>	<b>72,372,684</b>	<b>-</b>	<b>124,686,651</b>
Goods provided at a point in time	52,313,967	70,266,123	-	122,580,090
Services transferred over time	-	2,106,561	-	2,106,561
<b>Total revenue from contracts with customers</b>	<b>52,313,967</b>	<b>72,372,684</b>	<b>-</b>	<b>124,686,651</b>
For the year ended 31 December 2021				
Segments	Programs	Supports and Services	Other	Total
	\$	\$	\$	\$
<b>Type of goods or services</b>				
Sale of helicopters	33,772,221	-	-	33,772,221
Customer support	-	71,177,643	-	71,177,643
Other	-	-	264,280	264,280
<b>Total revenue from contracts with customers</b>	<b>33,772,221</b>	<b>71,177,643</b>	<b>264,280</b>	<b>105,214,144</b>
<b>Geographical markets</b>				
Australia	-	3,230,025	(31,750)	3,198,275
New Zealand	33,772,221	67,947,618	296,030	102,015,869
<b>Total revenue from contracts with customers</b>	<b>33,772,221</b>	<b>71,177,643</b>	<b>264,280</b>	<b>105,214,144</b>
<b>Timing of revenue recognition</b>				
Goods transferred at a point in time	33,772,221	69,440,142	264,280	103,476,643
Services transferred over time	-	1,737,501	-	1,737,501
<b>Total revenue from contracts with customers</b>	<b>33,772,221</b>	<b>71,177,643</b>	<b>264,280</b>	<b>105,214,144</b>
			<b>2022</b>	<b>2021</b>
			<b>\$</b>	<b>\$</b>
<b>6. OTHER OPERATING EXPENSES</b>				
Loss on sale of subsidiary			237,093	-
<b>7. NET FINANCE INCOME</b>				
Interest received				
- Related parties			101,231	3,864
- Third parties			145,451	5,211
			246,682	9,075
Interest paid:				
- Third parties			(63,709)	(14,336)
- Interest on lease liabilities			(21,630)	(49,151)
			(85,339)	(63,487)
Net finance income			161,343	(54,412)

**Notes to the Consolidated Financial Statements (continued)**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	2022 \$	2021 \$
<b>8. PROFIT BEFORE TAX</b>		
Depreciation of property, plant and equipment	899,454	874,880
Depreciation of right-of-use assets	457,427	665,733
	<u>1,356,881</u>	<u>1,540,613</u>
Salaries and employee benefits		
- Salaries	22,976,992	22,790,762
- Other benefits including leave	3,964,298	5,963,972
	<u>26,941,290</u>	<u>28,754,734</u>
Net foreign exchange differences	(1,601,164)	(69,408)
<b>9. INCOME TAX</b>		
The major components of income tax expense are:		
Current income tax expense	5,940,202	4,202,709
Deferred income tax (benefit)/expense	(206,530)	(379,794)
	<u>5,733,672</u>	<u>3,822,915</u>
(a) A reconciliation between tax expense and the accounting profit before income tax multiplied by the group's applicable income tax rate is as follows:		
Profit before tax	18,686,973	12,670,202
At the group's statutory income tax rate of 28% (2021: 28%)	5,232,352	3,547,657
Difference in foreign income tax rate	-	-
Other	501,320	275,258
Income tax expense	<u>5,733,672</u>	<u>3,822,915</u>

	Balance sheet		Income Statement	
	2022 \$	2021 \$	2022 \$	2021 \$
<b>(b) Deferred Income Tax</b>				
Deferred income tax relates to the following:				
Employee benefits	538,510	455,128	(155,611)	87,042
Other accrued expenses/provisions	992,736	1,008,836	(50,919)	(420,160)
Accelerated depreciation for tax purposes	-	-	-	(46,676)
Net deferred tax assets and deferred tax (benefit)/expense	<u>1,531,246</u>	<u>1,463,964</u>	<u>(206,530)</u>	<u>(379,794)</u>
<b>Reflected in the statement of financial position as:</b>				
Deferred tax assets	<u>1,531,246</u>	<u>1,463,964</u>		

**Notes to the Consolidated Financial Statements (continued)**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	2022 \$	2021 \$
<b>10. INVENTORIES</b>		
Work in progress at cost	2,522,620	2,699,803
Aircraft at cost	29,107,461	11,820,752
Spare parts at cost	9,133,598	9,447,073
Provision for diminution in value	<u>(1,653,597)</u>	<u>(1,638,604)</u>
	<u>39,110,082</u>	<u>22,329,024</u>

**11. TRADE RECEIVABLES AND CONTRACT ASSETS**

Trade receivables (external)	9,389,298	7,759,523
Allowance for expected credit losses	<u>(9,402)</u>	<u>(9,402)</u>
	9,379,896	7,750,121
Intercompany trade receivables	735,693	430,703
Warranty receivables	5,898	(5,754)
Contract assets	<u>-</u>	<u>393,140</u>
	<u>10,121,487</u>	<u>8,568,210</u>

Receivables from trade are non-interest bearing and are generally payable on the 20th of the month following the month in which the invoice is issued.

**Allowance for Expected Credit Losses**

Set out below is the movement in the allowance for expected credit losses of trade receivables and contract assets:

	Individually impaired \$	Collectively impaired \$	Total \$
<b>At 1 January 2021</b>	-	9,402	9,402
Business acquisition	-	-	-
Released	-	-	-
<b>At 31 December 2021</b>	-	9,402	9,402
Utilised	-	-	-
<b>At 31 December 2022</b>	-	9,402	9,402

	2022 \$	2021 \$
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**12. CURRENT OTHER FINANCIAL ASSETS**

Trading account with parent entity	-	7,351,218
Customer deposits held by parent entity	<u>13,396,553</u>	<u>14,484,854</u>
	<u>13,396,553</u>	<u>21,836,072</u>

**13. CURRENT OTHER ASSETS**

Prepaid expenses	142,335	83,297
Other	<u>-</u>	<u>3,844</u>
	<u>142,335</u>	<u>87,141</u>

## Notes to the Consolidated Financial Statements (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

### 14. GROUP INFORMATION

The consolidated financial statements of the Group include:

Name	Class of Shares	Country of Incorporation	Percentage of Equity Interest Held by the Group	
			2022 %	2021 %
Airbus New Zealand (Australia) Pty Limited*	Ordinary	Australia	0%	100%

\*On the 31st of January 2022, Airbus New Zealand Limited disposed of 100% of its shareholding in Airbus New Zealand (Australia) Pty Limited. As part of the sale agreement, all of Airbus New Zealand (Australia) Pty Ltd's employees continued their employment under the new ownership.

### 15. PROPERTY, PLANT AND EQUIPMENT

	Buildings \$	Plant and equipment \$	Total \$
<b>Consolidated</b>			
<b>At cost</b>			
Balance at 31 December 2020	3,822,585	6,879,513	10,702,098
Additions	99,064	317,619	416,683
Other	31,332	-	31,332
Foreign currency translation	(152)	(496)	(648)
Balance as at 31 December 2021	3,952,829	7,196,636	11,149,465
Additions	112,712	432,467	545,179
Retirements	-	(50,263)	(50,263)
Disposal	(31,116)	(101,633)	(132,749)
Foreign currency translation	342	1,115	1,457
<b>Balance as at 31 December 2022</b>	<b>4,034,767</b>	<b>7,478,322</b>	<b>11,513,089</b>
<b>Accumulated depreciation</b>			
Balance at 31 December 2020	1,409,219	3,683,029	5,092,248
Depreciation charge for the year	214,833	660,047	874,880
Other	31,332	-	31,332
Foreign currency translation	(142)	(297)	(439)
Balance as at 31 December 2021	1,655,242	4,342,779	5,998,021
Depreciation charge for the year	217,076	682,378	899,454
Retirements	-	(50,263)	(50,263)
Disposal	(29,983)	(68,058)	(98,041)
Foreign currency translation	139	443	582
<b>Balance as at 31 December 2022</b>	<b>1,842,474</b>	<b>4,907,279</b>	<b>6,749,753</b>
<b>Net book value</b>			
At 31 December 2022	2,192,293	2,571,043	4,763,336
At 31 December 2021	2,297,587	2,853,857	5,151,444

**Notes to the Consolidated Financial Statements (continued)**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**16. PROVISIONS**

	Warranties \$	Employee entitlements \$	Total \$
<b>At 31 December 2020</b>	524,828	880,509	1,405,337
Arising during the year	234,353	1,369,075	1,603,428
Utilised during the year	-	(623,557)	(623,557)
Released	(139,924)	(307,355)	(447,279)
Foreign exchange difference	-	(308)	(308)
<b>At 31 December 2021</b>	619,257	1,318,364	1,937,621
Arising during the year	391,777	1,266,671	1,658,448
Utilised during the year	(4,492)	(1,497,801)	(1,502,293)
Released	(148,039)	(63,247)	(211,286)
<b>At 31 December 2022</b>	858,503	1,023,987	1,882,490

**Warranties**

Provision is made for estimated warranty claims in respect of products sold which are still under warranty at the end of the reporting period.

**Employee entitlements**

The provision relates to short term incentive plans the determination of which is based on established performance criteria. The amounts are presented as current as they are expected to be paid within the next 12 months.

	2022 \$	2021 \$
<b>17. EMPLOYEE BENEFIT LIABILITIES</b>		
<b>Current</b>		
Annual leave	1,236,359	793,663
Long service leave	404,913	559,850
	<u>1,641,272</u>	<u>1,353,513</u>
<b>Non-current</b>		
Long service leave	125,945	117,059
	<u>125,945</u>	<u>117,059</u>
<b>18. TRADE PAYABLES</b>		
Trade payables - external	4,063,495	2,475,937
Trade payables - related parties	1,590,548	11,624,564
	<u>5,654,043</u>	<u>14,100,501</u>
<b>19. OTHER LIABILITIES</b>		
<b>Current</b>		
Trading account with parent entity	19,211,620	-
Goods and services tax	504,855	393,266
Employee costs	871,485	872,485
Other current liabilities	233,510	176,603
	<u>20,821,470</u>	<u>1,442,354</u>

## Notes to the Consolidated Financial Statements (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	2022 \$	2021 \$
<b>20. CONTRACT LIABILITIES</b>		
<b>Current</b>		
Sale of goods and services to customers	11,710,035	12,287,297
<b>Non-current</b>		
Contract liabilities - Non-current	3,847,966	5,182,035
<p>Contract liabilities include advance payments for aircrafts received on escrow account by the parent entity, Airbus Australia Pacific Limited. Refer to Note 12 for customer deposits held by parent entity.</p>		
<b>21. FINANCIAL ASSETS AND FINANCIAL LIABILITIES</b>		
<b>21.1 Financial assets</b>		
Total financial assets at amortised cost	4,291,319	30,375,628
Total financial assets	4,291,319	30,375,628
Total current	4,291,319	30,375,628
Total non-current	-	-
<p>Financial assets at amortised cost include trade receivables and receivables from related parties.</p>		
<b>21.2 Financial liabilities</b>		
<b>Other financial liabilities</b>		
Total other financial liabilities at amortised cost, other than interest-bearing loans and borrowings	7,247,436	15,540,810
Total other financial liabilities	7,247,436	15,540,810
Total current	7,247,436	15,540,810
Total non-current	-	-

### 21.3 Financial instruments risk management objectives and policies

#### Interest rate risk

The group's interest rate risk is limited to interest on trading bank accounts and short term deposits held with financial institutions and a related entity. The group does not have any external borrowings.

#### Foreign currency risk

Foreign exchange risk arises when future commercial transactions or firm commitments, recognised monetary assets and liabilities and net investments in foreign operations are denominated in a currency that is not the entity's functional currency.

A major part of the Group's revenue and operating expenses are denominated in US dollars and the Euro. The Group does not undertake any hedging or forward contract transactions, however, individual transactions are reviewed for potential currency risk exposure.

## Notes to the Consolidated Financial Statements (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	2022 \$	2021 \$
<b>22. ISSUED CAPITAL</b>		
121,500 fully paid ordinary shares	243,000	243,000

Fully paid ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

### 23. CAPITAL MANAGEMENT

The company seeks to maintain a strong financial profile to safeguard its going concern, financial flexibility as well as shareholders' and other stakeholders' confidence in the company. Consequently, operating liquidity is of great importance. The company is part of the Airbus Group cash pooling facility and has access to group funds when needed. The company has no external debt.

The company's dividend policy is in line with the group policy on dividends and is reviewed on an annual basis. No changes were made in the objectives, policies or processes for managing capital during the year ended 31 December 2022.

	2022 \$	2021 \$
<b>24. DIVIDENDS</b>		
Dividends paid during the financial year	9,877,018	2,513,546

### 25. NOTES TO THE STATEMENT OF CASH FLOWS

#### (a) Reconciliation of cash and cash equivalents

Cash balance comprises:

- Cash on hand	15,030,855	8,375,467
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#### (b) Reconciliation of net profit for the period to net cash flows from operating activities

Net profit for the period	12,953,301	8,847,287
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#### Non-Cash Items

Depreciation	1,356,881	1,540,613
Loss on disposal of subsidiary	237,093	-
Provision for inventories	201,221	902,105
Provision for doubtful debts	-	(1,324)
Other	26,976	(18,251)

#### Changes in Assets and Liabilities

(Increase)/decrease in inventories	(17,528,020)	6,786,248
Increase in trade receivables and contract assets	(2,009,460)	(886,384)
Decrease/(increase) in current other financial assets	27,651,139	(12,377,994)
(Increase)/decrease in current other assets	(167,666)	130,494
Increase in deferred tax assets	(215,886)	(379,794)
Decrease in trade payables	(8,309,300)	(8,109,994)
(Decrease)/increase in other liabilities	178,881	1,035,980
Increase/(decrease) in employee benefit liabilities	540,795	(409,540)
Increase in income tax payable	3,896,263	931,219
Decrease/(increase) in provisions	(55,131)	532,284
(Decrease)/increase in deferred income	(1,911,331)	8,282,356

Net cash inflows from operating activities	16,845,756	6,805,305
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## Notes to the Consolidated Financial Statements (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

### 26. LEASES

#### Group as a lessee

The Group has lease contracts for various items of buildings, vehicles and other equipment used in its operations. The Group's obligations under its leases are secured by the lessor's title to the leased assets. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Buildings \$	Plant and equipment \$	Total \$
<b>Consolidated</b>			
<b>Balance as at 1 January 2021</b>	1,861,177	109,804	1,970,981
Depreciation	(626,249)	(39,484)	(665,733)
Foreign currency translation	(850)	-	(850)
<b>Balance as at 1 January 2022</b>	1,234,078	70,320	1,304,398
Depreciation	(426,032)	(31,395)	(457,427)
Termination	(63,104)	-	(63,104)
Foreign currency translation	(3,642)	-	(3,642)
<b>Balance as at 31 December 2022</b>	741,300	38,925	780,225

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	2022 \$	2021 \$
Balance as at 1 January 2022	1,359,902	2,026,106
Accretion of interest	30,011	49,151
Payments	(493,696)	(714,470)
Termination	(67,913)	-
Foreign currency translation	(3,928)	(885)
<b>Balance as at 31 December 2022</b>	824,376	1,359,902
Current	303,121	535,526
Non-current	521,255	824,376
	824,376	1,359,902

The following are the amounts recognised in profit or loss:

Depreciation expense of right-of-use assets	457,427	665,733
Interest expense on lease liabilities	30,011	49,151
Expense relating to short-term leases (included in cost of sales)	68,696	-
<b>Total amount recognised in profit or loss</b>	556,134	714,884

The Group had total cash outflows for leases of \$562,392 in 2022.

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised (see Note 4).

## Notes to the Consolidated Financial Statements (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

### 26. LEASES (CONTINUED)

#### Group as a lessee (continued)

Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term:

	Within five years \$	More than five years \$	Total \$
<b>31 December 2022</b>			
Extension options expected not to be exercised	482,658	186,342	669,000
Termination options expected to be exercised	-	-	-
	<u>482,658</u>	<u>186,342</u>	<u>669,000</u>
<b>31 December 2021</b>			
Extension options expected not to be exercised	259,658	409,342	669,000
Termination options expected to be exercised	-	-	-
	<u>259,658</u>	<u>409,342</u>	<u>669,000</u>

### 27. RELATED PARTY DISCLOSURES

Note 13 provides information about the Group's structure, including details of the subsidiaries and the holding Company. The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

		Sales to related parties \$	Purchases from related parties \$	Amounts owed by related parties \$	Amounts owed to related parties \$
Airbus Australia Pacific Pty Limited (Parent entity)	2022	1,740,326	4,305,844	14,100,405	-
	2021	1,788,169	5,686,225	14,834,807	-
Other Airbus Group entities:	2022	263,776	83,463,658	29,659	1,590,548
	2021	80,772	46,319,992	33,687	11,624,564
Dividend paid to parent entity:	2022	9,877,018	-	-	-
	2021	2,513,546	-	-	-

#### Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2022, nil provision for expected credit losses was recognised in respect of amounts owed by related parties (2021: \$Nil).

#### Compensation of key management personnel

Remuneration of the Group's key management personnel is paid by a related entity.

**Notes to the Consolidated Financial Statements (continued)**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	2022 \$	2021 \$
<b>28. INFORMATION RELATING TO AIRBUS NEW ZEALAND LIMITED (THE PARENT)</b>		
Current assets	77,801,312	59,778,083
Total assets	84,876,119	67,424,219
Current liabilities	(47,891,617)	(32,071,570)
Total liabilities	(52,386,783)	(38,275,215)
Issued capital	243,000	243,000
Retained earnings	<u>32,246,336</u>	<u>28,906,004</u>
	<u>32,489,336</u>	<u>29,149,004</u>
Profit of the Parent entity	13,932,715	9,564,773
Total comprehensive income of the Parent entity	13,932,715	9,564,773

**29. EVENTS AFTER THE REPORTING DATE**

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

## Directors' Declaration

**For the year ended 31 December 2022**

The Board of Directors present their annual report, including the financial statements, for Airbus New Zealand Limited for the year ended 31 December 2022 and the auditor's report thereon.

For and on behalf of the Board of Directors:

A handwritten signature in black ink, appearing to be 'Christian Venzal', is written over a horizontal line. The signature is enclosed in a hand-drawn oval.

Christian Venzal  
Director

Brisbane

Date: 27 April 2023



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working world**

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## Independent Auditor's Report to the Members of Airbus New Zealand Limited on the audit of the financial statements

### Opinion

We have audited the financial statements of Airbus New Zealand Limited (the Company) and its subsidiary (together "the Group"), which comprise the consolidated statement of financial position of the Group as at 31 December 2022, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended of the Group, and the notes to the consolidated financial statements including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022 and its consolidated financial performance and cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime.

This report is made solely to the Company's shareholders. Our audit has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, for our audit work, for this report, or for the opinions we have formed.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the Company in accordance with Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other than in our capacity as auditor we have no relationship with, or interest in, the Company, or any of its subsidiaries. Partners and employees of our firm may deal with the Company on normal terms within the ordinary course of trading activities of the business of the Company.

### Information Other than the Financial Report and Auditor's Report Thereon

The Directors of the Company are responsible for the Annual Report, which includes information other than the consolidated financial statements and auditor's report which is expected to be made available to us after the date of this auditor's report.

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



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

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Directors' Responsibilities for the Financial Statements

The directors are responsible, on behalf of the Company, for the preparation and fair presentation of the consolidated financial statements in accordance with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing on behalf of the entity the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or cease operations, or have no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (New Zealand) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the External Reporting Board website: <https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-7/> This description forms part of our auditor's report.

A handwritten signature in black ink that reads 'Ernst &amp; Young'. The signature is written in a cursive style with a long horizontal stroke under the 'Y'.

Ernst & Young  
Brisbane  
28 April 2023