

IHL

Infrastructure Holdings Limited

Annual Report 2023

PORT 
NELSON

 **NELSON AIRPORT**
Good things start here.

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Directory

Registered Office

8 Vickerman Street,
Port Nelson
Nelson 7010

Auditor

Ernst & Young, on behalf of the office of the Auditor General.

Banker

Westpac New Zealand Limited

Solicitors

Simpson Grierson

Treasury

Bancorp Treasury Services

Board of Directors	Position	Appointed
S Sheldon CNZM	Chair	Appointed 17/1/23
Q Hall	Director	Appointed 17/1/23
D Mark	Director	Appointed 17/1/23
G Wilson	Director	Appointed 17/1/23
P Zealand	Director	Appointed 17/1/23

Statutory Information

Ownership

Infrastructure Holdings Limited ("IHL", "the Company") is a Council Controlled Trading Organisation under the Local Government Act 2002. The company is jointly, and equally, owned by Nelson City Council and Tasman District Council.

Purpose

As an investment company, with investments in two of the region's strategic assets, Infrastructure Holdings Limited's core purpose is to provide a funding vehicle to enable reduction in finance costs and increase in Shareholder returns from Port Nelson Limited and Nelson Airport Limited. To deliver its purpose, IHL provides the corporate treasury function for the Group, including securing and providing funding for the Group.

Employees

There were no employees during the period.

Donations

No donations were made during the period.

Directors' Register of Interests

Directors recorded the following interests in the interest register for the period ended 30 June 2023:

Sue Sheldon CNZM

- FibreTech New Zealand Ltd (Director / Shareholder)
- FibreTech Holdings Ltd (Director / Shareholder)
- Sue Sheldon Advisory Ltd (Director / Shareholder)
- Trustee, The Jarvis Trust (Trustee)

Gerrard Wilson

- Nelson Building Society (Director)
- Ngāti Apa Investments Ltd (Director)
- Ngāti Apa Pito Whenua Ltd (Director)
- Kurahaupo General Partner Ltd (Director)
- Ngāti Apa ki te Ra To Assets Holding Company Ltd (Director)
- Whanganui iwi Fisheries Ltd (Director)
- Urbis Investments Ltd (Director/Shareholder)
- Owhiro Investments Ltd (Director/Shareholder)
- Port Nelson Ltd (Director)
- Te Ngakinga o Whanganui Investment Trust (Trustee)
- Mt Robert Foundation (Trustee)
- Philanthropic Charitable Trust (Trustee)

Quinton Hall

- Nelson Airport Ltd (Chair)
- EQMade Ltd (Director / Shareholder)
- Vertus Group Ltd (Director / Shareholder)
- AQ29 Ltd (Director / Shareholder)
- Jucy Group 2002 Ltd (Director)

Paul Zealand

- Port Nelson Ltd (Chair)
- Lochard Energy Pty Ltd (Director)
- Genesis Energy Ltd (Director)
- Channel Infrastructure NZ Ltd (Director)
- Zoenergy Ltd (Director / Shareholder)

Darren Mark

- Nelson Airport Ltd (Director)
- Findex Nelson / Findex NZ Ltd (Senior Partner)
- Titipounamu Investments Ltd (Director / Shareholder)
- E R Freeman Ltd (Director)
- Bowater Holdings Ltd (Director)
- Bowater Motors Ltd (Director)
- Bowater Properties Ltd (Director)
- Te Awa Nominees Ltd (Director)
- WHK Services Tasman Ltd (Director)
- West Yates and Partners Nominee Company Ltd (Director)
- Te Oramamaku Holdings Ltd (Director)
- Maitai Trustee Company Ltd (Director) + various other trustee Co's in Darren's professional capacity

On behalf of the board



Sue Sheldon CNZM
Chair of Directors



Paul Zealand
Director

Statements Of Comprehensive Income

FOR THE 6 MONTHS ENDED 30 JUNE 2023

	NOTES	(6 Months) 2023 \$000
REVENUE		
Treasury Operations		-
TOTAL REVENUE		-
EXPENSES		
Employee Benefit Expenses		-
Other Operational Expenses	A	233
Earnings before Interest, Tax, Depreciation and Amortisation		(233)
Depreciation and Amortisation		-
Earnings before Interest and Tax		(233)
Financing Costs		-
NET LOSS BEFORE INCOME TAX		(233)
Income Tax	B	(24)
NET LOSS AFTER INCOME TAX		(209)
TOTAL COMPREHENSIVE LOSS		(209)

Statement Of Changes in Equity

FOR THE 6 MONTHS ENDED 30 JUNE 2023

	NOTES	ISSUED CAPITAL \$000	RETAINED EARNINGS \$000	TOTAL EQUITY \$000
BALANCE AT 17 JANUARY 2023		-	-	-
Net loss for the period		-	(209)	(209)
Other comprehensive income				
Issue of Share Capital	E1	-	-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		-	(209)	(209)
BALANCE AT 30 JUNE 2023		-	(209)	(209)


Statement Of Financial Position

AS AT 30 JUNE 2023

	NOTES	2023 \$000
CURRENT ASSETS		
Cash and Cash Equivalents	C	-
Trade and Other Receivables		31
NON-CURRENT ASSETS		
Deferred Tax	B	24
Total Assets		55
CURRENT LIABILITIES		
Trade and Other Payables	D	264
Total Liabilities		264
NET LIABILITIES		(209)
SHAREHOLDERS' FUNDS		
Issued Capital	E	-
Retained Losses		(209)
TOTAL SHAREHOLDERS' DEFICIT		(209)

These financial statements were approved by the Board on 26 October 2023

Signed on behalf of the Board by:



Sue Sheldon CNZM
Chair of Directors



Paul Zealand
Director

Statement Of Cash Flows

FOR THE 6 MONTHS ENDED 30 JUNE 2023

	NOTES	(6 Months) 2023 \$000
CASH FLOW FROM OPERATING ACTIVITIES		
Cash was applied to:		
Payments to suppliers and employees		235
		235
NET OPERATING CASH OUTFLOWS	C2	(235)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash was provided from:		
Related party advances		235
		235
NET FINANCING CASH INFLOWS		235
Net increase/(decrease) in cash held		-
Cash and cash equivalents at beginning of period		-
CASH AT 30 JUNE		-

Accounting Policies

REPORTING ENTITY

The financial statements presented are for Infrastructure Holdings Limited ("Infrastructure Holdings", "IHL", "the Company").

Infrastructure Holdings Limited is a Council Controlled Trading Organisation under the Local Government Act 2002. The company is jointly, and equally, owned by Nelson City Council and Tasman District Council.

The company was incorporated on 17 January 2023, these financial statements represent the first 6 months of activity to 30 June 2023.

As an investment company, with investments in two of the region's strategic assets, Infrastructure Holdings Limited's core purpose is to provide a funding vehicle to enable reduction in finance costs and increase in Shareholder returns from Port Nelson Limited and Nelson Airport Limited. To deliver its purpose, IHL provides the corporate treasury function for the Group, including securing and providing funding for the Group.

BASIS OF PREPARATION

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ('NZ GAAP'). They comply with New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS') and other applicable reporting standards as appropriate for profit-orientated entities.

The financial statements are presented in New Zealand dollars rounded to the nearest thousand.

The financial statements are presented excluding Goods and Services Tax (GST), except for receivables and payables which include GST. Unrecoverable GST is recognised within related assets or expenses.

The financial statements have been prepared on a going concern basis, which assumes that the Company will continue its operations for the foreseeable future. Management has assessed the Company's ability to continue as a going concern and recognises there is a working capital deficiency at balance date. This is primarily due to initial setup of the Company.

The Company has received a letter of financial support from Port Nelson Limited and subsequent to balance date anticipates receiving sufficient dividend income to pay its debts as the fall due."

The financial statements were authorised for issue by the Board of Directors on 26 October 2023.

STANDARDS AND INTERPRETATIONS ISSUED AND NOT YET ADOPTED

Infrastructure Holdings Limited has applied all new and revised accounting standards and interpretations that are effective in the period. This did not result in a material impact on the financial statements.

CRITICAL JUDGEMENTS AND ESTIMATES

In applying the accounting policies, management are required to make estimates, assumptions and judgements. Estimates and assumptions are based on historical experience and other factors, including expectations or future events that are expected to be reasonable under the circumstances. Actual results may differ from the estimates and assumptions.

There are no estimates and assumptions in the view of the Directors that have a risk of causing a significant adjustment to the carrying amounts of assets and liabilities within the next financial year.

Notes to the Financial Statements

A: OPERATIONAL EXPENSES	2023
	\$000
Operational	
Audit Fees – Current Year	8
Directors Remuneration	43
Legal and Consultancy	181
Other	2
TOTAL OPERATIONAL	233

Operational Expenses

Legal and consultancy costs relate to professional advice and due diligence on a broad range of issues. These include accounting and tax treatment, treasury strategy, debt markets, corporate structure, and market valuations. Most of these costs relate to the incorporation of the Company and are in anticipation of the acquisition of Port Nelson and Nelson Airport, and the proposed group debt restructuring. To this extent the costs are one off in nature and do not reflect ongoing operating costs.

B: TAXATION	2023
Provision for Taxation	\$000
Current Tax	(24)
DEFERRED TAX (BENEFIT)	(24)
Loss from Continuing Operations	(233)
Tax at 28%	(65)
Non-Deductible Expenses	42
DEFERRED TAX (BENEFIT)	(24)

Tax

The income tax expense is the tax payable on the current financial year's taxable income based on the income tax rate and adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements and for unused tax losses (if any).

C1: CASH AND CASH EQUIVALENTS	2023
	\$000
Cash and Cash Equivalents	-
TOTAL CASH AND CASH EQUIVALENTS	-

Cash and Funding

At balance date the Company did not have an active bank account. Port Nelson Limited, a related party, has provided funding and all cash transactions have been settled via a related party payable.

C2: RECONCILIATION OF NET OPERATING CASH FLOWS	2023
	\$000
NET LOSS	(209)
Add non-cash items	
Net movement in deferred tax	(24)
Add (less) movements in other working capital items:	
Trade and other receivables	(31)
Accrued Expenses	30
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	(235)

Notes to the Financial Statements (continued)

D: TRADE AND OTHER PAYABLES	2023
	\$000
Accrued Expenses	30
Related Party Payable	235
TOTAL TRADE AND OTHER PAYABLES	264

E1: ISSUED CAPITAL

On 17 January 2023 the Company issued 84,460 ordinary shares at a par value of \$100 per share, they remain unpaid at balance date. All shares carry equal voting rights and the right to share in any profit on winding up of the company. None of the shares carry fixed dividend rights.

E2: RELATED PARTY DISCLOSURES	2023	
	\$000	
Port Nelson Limited	Accounts Payable	235

Directors and Key Management Personnel

The key management personnel comprise the Company's directors and secretary, who hold the highest authority in shaping the Company's strategic direction and overseeing its management.

Throughout the period, the Company engaged in transactions with companies that share common directorships.

Details of compensation paid to Directors during the period	2023
	\$000
Directors Fees	43
Secretary	-

E3: EVENTS AFTER BALANCE DATE

Infrastructure Holdings Limited and Shareholding Changes

On 1 July 2023, the Company issued 3,709,540 shares, at a value of \$100 each, equally between Tasman District Council and Nelson City Council. In return Tasman District Council and Nelson City Council transferred all shares of Port Nelson Limited and Nelson Airport Limited to Infrastructure Holding Limited. This transaction resolved all unpaid capital, at balance date, and established IHL as the parent of the group.

Tasman District Council and Nelson City Council remain the ultimate shareholders of all companies involved. Minimal operational impact is expected through the establishment of the Company, however a number of benefits may arise including the potential for reduced borrowing cost through the use of the Local Government Funding Agency, (LGFA).

On 4 July IHL received an interim dividend from Nelson Airport of \$100,000.

On 26 September, the Company issued a further 2,330,000 shares equally to between Tasman District Council and Nelson City Council, these shares are uncalled.

On 29 September the Company's planned refinancing occurred and consolidated debt from Port Nelson and Nelson Airport. Following this on 3 October, IHL entered the LGFA tender round and successfully secured funding for \$113m.



INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF INFRASTRUCTURE HOLDING LIMITED'S FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

The Auditor-General is the auditor of Infrastructure Holdings Limited (the Company). The Auditor-General has appointed me, Bruce Loader, using the staff and resources of Ernst & Young, to carry out the audit of the financial statements of the Company on his behalf.

Opinion

We have audited the financial statements of the Company on pages 4 to 10, that comprise the statement of financial position as at 30 June 2023, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period ended on that date and the notes to the financial statements that include accounting policies and other explanatory information.

In our opinion, the financial statements of the Company:

- present fairly, in all material respects:
 - its financial position as at 30 June 2023; and
 - its financial performance and cash flows for the period then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with New Zealand equivalents to International Financial Reporting Standards.

Our audit was completed on 26 October 2023. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements, we comment on other information, and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

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



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Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible on behalf of the Company for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible on behalf of the Company for assessing the company's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to liquidate the Company or to cease operations, or there is no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Companies Act 1993.

Responsibilities of the Auditor for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 it is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements.

We did not evaluate the security and controls over the electronic publication of the financial statements.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the



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Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements on pages 4 to 10, and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board of Directors and, if uncorrected, to take appropriate action to bring the matter to the attention of users for whom our auditor's report was prepared.

Independence

We are independent of the Company in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with or interests in the Company.

A handwritten signature in black ink, appearing to read 'Bruce Loader', written in a cursive style.

Bruce Loader
Ernst & Young
On behalf of the Auditor-General
Christchurch, New Zealand

