

# **RUAPEHU ALPINE LIFTS LIMITED**

## **2019 ANNUAL REPORT**

For the Year ended 30<sup>th</sup> November 2019



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## REPORT INTRODUCTION

Ruapehu Alpine Lifts Limited (RAL) is a limited-purpose public benefit entity regulated under the Companies Act 1993 and our Constitution. What this means is that our shareholders are philanthropic in that they do not receive any form of benefit. While we are not a taxpayer, we must invest our profits into the provision, promotion and development of amateur alpine sports for the public within the Tongariro National Park. We are the operators of the Whakapapa and Tūroa ski areas on Mt Ruapehu and are the largest employer in the Ruapehu region. We are also the largest business operating within the Tongariro National Park (a UNESCO Dual World Heritage Area).

We recognise we have a responsibility to our stakeholders to ensure sustainable business principles are at the heart of what we do. For us, it is important that we remain commercially viable while mitigating potential cultural, spiritual and environmental impacts on the sacred place in which we operate.

We acknowledge that this report is not as detailed as the reports you have seen over the last few financial years. As an impact of COVID-19 we continue to work with our bank, ANZ, on funding requirements moving forward. Our disclosures within the financial statements reflect that our current ANZ debt facilities expire at the end of May and that we are working through support with them on a month by month basis. We are also continuing to model and evaluate the impact that COVID-19 may have on our 2020 season.

This report is dated 19 May 2020 and has been approved on behalf of the board of RAL:

Murray Gribben, Chair



Geoff Taylor, Director



## CHAIR'S REVIEW

As we report on the year that was, it is important to know it is written in a context that is unprecedented in our lifetimes. As our country deals with our new COVID environment most New Zealanders have a great sense of uncertainty as to what the next few months will bring, but also there is a palpable sense across the nation that we are in this together. The key thing is for each of us to look after each other and be kind.

The 2018/2019 year was most definitely a game of two halves for RAL. We continued to roll out key components of our future-proofing and sustainability, while we managed the challenges produced by an exceptional weather pattern in our winter season.

The 2018/19 summer season had the management team focused on key projects including the construction of our state of the art Sky Waka Gondola, repairs to the High Noon Express, development and improvement to our e-commerce offering, and the refurbishment of a number of the food and beverage facilities on the maunga.

Winter 2019 arrived, and with it 390,000 guests were able to enjoy riding our new gondola, skiing, sledding and sightseeing.

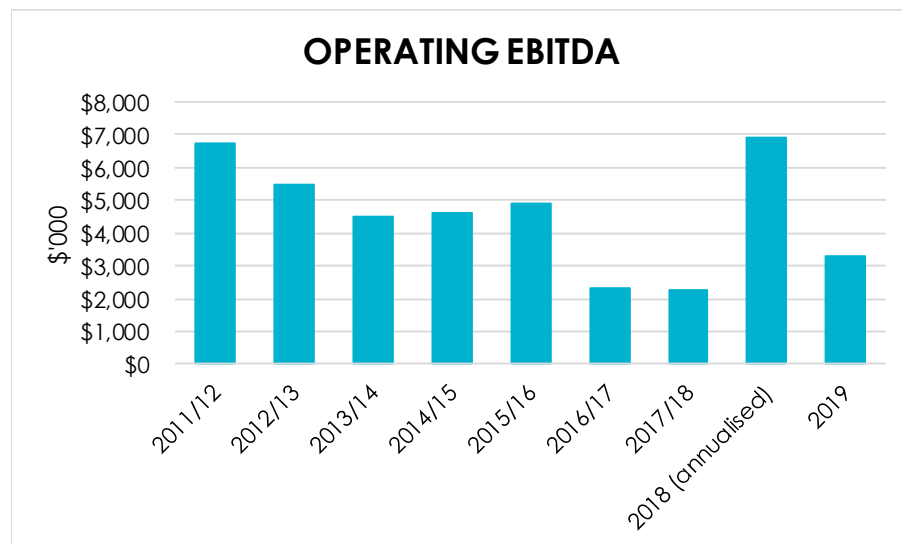
This was achieved in a backdrop of some challenges in the weather conditions including: Increased hours needed to de-ice; multiple days where the wind was over 100Kms/hr; higher than average precipitation; and significant avalanche risk, resulting in large avalanches triggered through standard control procedures.

The staff did a magnificent job of managing these conditions and rising to the challenges and thrills of working in an ever-changing alpine environment.

Of course, the high point of this past financial year was the opening of the new state-of-the-art Sky Waka gondola at Whakapapa. Winter 2019 put this incredible piece of infrastructure through its paces and while we continue to learn, and adapt our procedures, it is exciting to see the opportunities that the Sky Waka is enabling for the future. I would like to wholeheartedly thank and acknowledge those who helped us fund the Sky Waka gondola as without these entities the project would not have become a reality.

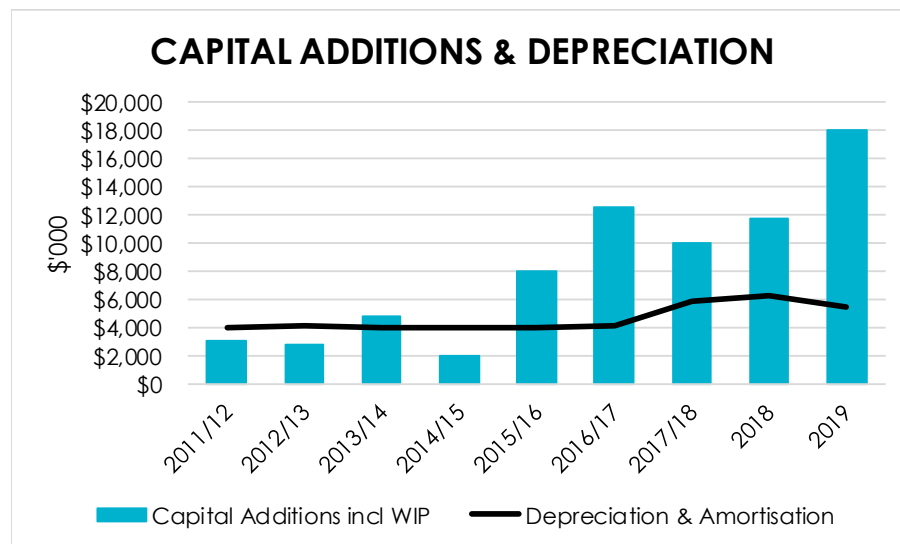
### Financial Performance

It is a great result that within the challenging season, we still delivered an EBITDA of \$3.3m. This compares with our previous years' results as shown in the following graph:



Lift pass revenue was consistent with the 2018 season, which was attributable to pre-committed revenue that we had collected in advance of the 2019 season (i.e. season pass revenue). This aligns with our pricing strategy and goal to drive greater pre-committed revenue to help cover the high fixed costs that we face while allowing us to manage our annual cashflows. Business unit revenue was down on 2018 which was a reflection of the lower visitation levels.

The increase in capital additions for the 2018/19 financial year is mainly attributable to the Sky Waka Gondola. The below graph demonstrates the significant investment that has occurred since the period before the licence renewals (2015 and prior).



### Executive Team Changes

2019 saw Ross Copland move on as CEO and Jono Dean take his place. Ross made an outstanding contribution to the ski areas during his three year tenure, which experienced a period of enhanced profitability, licence renewal of the Tūroa ski area, significant infrastructure developments including the new \$25m Sky Waka gondola, and the roll out of a new digital and e-commerce strategy. We thank Ross for his contribution and wish him well in his future endeavours.

In October 2019 we appointed Jono Dean as the new CEO. Jono has been with the company since June 2018 as the General Manager for Whakapapa Ski area. His appointment recognises our need for a CEO who understands our business and the partners we have throughout the local community who together make this mountain such a special place. We would also like to acknowledge Jessie Watling, RAL's CFO, for stepping in as interim CEO while the recruitment process was underway.

At the end of 2019 JP Chevalier also moved on from his position of General Manager Tūroa to pursue other opportunities. We would like to thank JP for his contribution to Tūroa and wish him all the very best for his future.

### Governance

In June 2019 Michael (MOD) O'Donnell resigned as a Director and in April 2020 Michelle Trapski decided to retire from the Board on rotation and will not be seeking re-election at the next AGM while Debbie Birch resigned from the board effective 30 April 2020. Duncan Fraser had already advised he was retiring from the Board in March 2020 and was not seeking reelection.

I would like to thank MOD, Michelle, Duncan and Debbie for their contribution to the Board and their support of RAL during their time as directors.

The Board appointed two new directors to fill these vacancies: John Foley in June 2019; and Terry Allen in May 2020. John and Terry's background and experience is outlined in the Director's biographies on Page 6. Both John and Terry will be up for shareholder election at the AGM.

Our constitution requires us to have no less than four directors and no more than six, we will reassess the vacancies once ourselves and the bank have formed a better view of our business requirements post COVID-19.

We still have not set a date for the AGM and will continue to review this as we move through the COVID alert levels and restrictions on gatherings lift. Relevant details will be provided once a date has been set.

In July 2019 I informed shareholders of the forfeiture of the shares of our missing shareholders. It is pleasing to see we have had shareholders come forward and provide us with the relevant information to allow us to reissue their shares. Further information on the process to confirm shareholdings is outlined later in the report.

In late 2019 we were saddened with the passing of Roger Manthel (previous Chair, Director and Trustee of RAL). Roger's journey with RAL started in 1972 when he was asked by Sir Brian Todd to join the Board of RAL. There began a 48 year association that was underpinned by a love of snow, a love of skiing and passion for Mt Ruapehu. Roger made an invaluable contribution to RAL over many years and will be remembered fondly.

#### **Whakaari/White Island**

On 9th December 2019, a sudden volcanic eruption occurred at Whakaari/White Island. Our entire team continues to send their thoughts and prayers to the visitors and our friends in the tourism industry involved in this devastating event.

#### **Acknowledgement and Thanks**

I would like to thank all our customers, shareholders and our stakeholders for their committed support over the past year. Recent years have seen great changes as we work within our licenses and towards our long-term strategic goals. We look forward to our next phase knowing we are setting ourselves up for long-term sustainability through creating opportunities for enjoyment and with the utmost respect for this great maunga.

Finally, I wish to acknowledge the contribution of our outstanding staff and my fellow Directors, thank you for the outstanding job you do and your commitment.



Murray Gribben  
Chair  
Ruapehu Alpine Lifts Limited



## BOARD OF DIRECTORS

### **Murray Gribben, Chair, BA (Hons) ECON, MBA**

Murray joined the board as a director in May 2010 and was appointed chair in October 2014. His career started in the military before he moved into the finance sector where his professional career has been in investment banking and investment management. He has held a variety of senior roles within the finance sector, both in New Zealand and overseas, including managing director of AMP Capital Investors. Previously held governance positions include deputy chair of NZ Post Ltd and Directorships of Kiwibank Ltd, CS Ltd, Donaghys Ltd and Summerset Group Holdings Ltd. He is currently chair of NZ Growth Capital Partners. Murray has had a long association with Mt Ruapehu and has been skiing on the mountain most of his life.

### **Geoff Taylor, Director, BMS, FCTP**

Geoff joined the board in July 2015. He is a professional director with experience in corporate finance and investment management. Geoff is a former member of the Institute of Chartered Accountants, is a member of the Institute of Directors, and is a fellow of the Institute of Finance Professionals of NZ. Geoff began skiing on the rope tows of Whakapapa and was a member of Christiana Ski Club.

### **John Foley, Director, BCA**

John joined the board as an advisor in April 2019 and became a director in June 2019. He has an extensive background in communications and advertising. He spent 17 years with the Saatchi & Saatchi network – starting out in Wellington before spending 10 years abroad in CEO and Global Director roles in Asia and Australia. With a passion for the business of sports & recreation, John is now operating his own sports marketing business in Auckland. John has enjoyed a lifelong passion for Mt Ruapehu and the surrounding region and now loves sharing that passion with his young family at every opportunity.

### **Terry Allen, Director, BE**

Terry Allen joined the Board as an advisor in March 2020 and became a director in May 2020. He is an experienced senior level executive with proven leadership experience in a career that has been focused on technology and innovation. He has worked across multi-national corporations, small & medium business, commercialization IP, investment and government organizations. Terry's skills at an executive have led him through several engagements assisting organisations on sales and strategy, and implementation of technology. Terry is investment director North America for NZTE, Helping NZ companies raise capital from the US. He is an active director on several NZ Tech Companies and Chairs Massey's Tech transfer office commercialisation student innovation. Terry has been skiing on Mt Ruapehu since he was a teenager and is a member of Tongariro Ski Club where his children have had every winter holiday.

## EXECUTIVE LEADERSHIP TEAM

### **Jonathan (Jono) Dean, Chief Executive Officer, BTM**

Jono Dean was recently appointed to the role of Chief Executive Officer of Whakapapa Ski Area with RAL following a period of 18 months at the helm of Whakapapa. During his time in the role at Whakapapa he has rapidly gained broad knowledge and experience in the Ski Industry and worked diligently on the product improvements and enhancements within the ski area. Jono joined us at RAL with extensive experience in the hospitality and tourism sector with particular experience in the commercial accommodation area. He has commercial experience through international hotel companies, IHG, Rydges Hotels and Resorts, and Accor Hospitality. Jono was most recently general manager for the Novotel and Ibis Christchurch and has had experience working in Australia managing some of Accor Hotel's properties.

### **Jessie Watling, Chief Financial Officer, BMS (HONS), ACIS, CA Qualified CAANZ**

Jessie was appointed to the newly formed role of CFO combined with her existing position of company secretary in July 2019. She worked for RAL as the GM Finance since 2017 and the finance manager for four years prior to that. With a background in financial auditing, Jessie brings strong business acumen and proven skills in financial management. These strengths led to her being awarded Highly Commended in the Young Finance Manager section of the 2017 NZ CFO awards. Her previous work was with internationally recognised accountants PriceWaterhouseCooper.



**Andy Hoyle, GM – Safety & Environment, BSC Geology, NZIM DIP FLM**

Andy was appointed to this position in September 2017 having already served RAL in a number of capacities. Immediately prior to this appointment, he was RAL's safety and environmental risk manager, before that he had worked at Whakapapa for 15 years as the safety services manager, following three seasons of work as a ski patroller on the field. Andy has also spent time in Canada as a ski patroller and ski guide, and in Mt Cook for the DOC Alpine Cliff Rescue Team.

**Michelle Caldwell, GM – Sales & Marketing, BBus (Marketing)**

Michelle joined RAL full time in August 2017 after running her own marketing consultancy business Destinate NZ for 2.5 years. During this time, she contracted to RAL on marketing and communications projects. Michelle has over 20 years' experience in the tourism industry having worked previously for two of its largest organisations; Tourism Holdings Limited (THL) and Ngai Tahu Tourism in a variety of operations, business development and marketing roles in NZ, Australia and the UK. Her expertise is in marketing strategy and implementation, branding, trade channel development and customer experience. She is currently vice chair (representing Allied members) of the Tourism Export Council of New Zealand Board of Directors.

**Jamie Sutherland, GM – Maintenance, BAM**

Jamie Sutherland joined RAL as General Manager, Maintenance in March 2019. In this newly created role, Jamie will bring a combination of strong leadership and exceptional planning to help RAL create a maintenance programme that is renowned for developing talent and leading the industry in reliability and performance. Jamie comes from an extensive aviation background with experience in asset management, quality assurance and fleet planning

## DIRECTORY

**Auditor** Deloitte

**Secretary** J Watling, Private Bag 71902, Mt Ruapehu 3951, [companysecretary@mtruapehu.com](mailto:companysecretary@mtruapehu.com)

**Banker** ANZ Bank New Zealand

**Share Register** Private Bag 71902, Mt Ruapehu 3951

**Solicitor** Chapman Tripp

**Company & Registered Address** Top of Bruce Road, Whakapapa Ski Area, Mt Ruapehu 3951

**Directors and Executive Leadership team** Refer page 6 and 7



## DIRECTORS REVIEW

Your directors have the pleasure in presenting to Shareholders the Annual Report for the period ending 30th November 2019.

### Principal Activities

The company's principal activity during the year was the operation of Whakapapa and Tūroa Ski Areas.

Results	\$ '000s
Comprehensive Surplus for the period	\$ 1,397
Total Equity at 1st December 2018	\$ 37,544
Total Equity at 30th November 2019	\$ 38,941

### Dividends

Pursuant to the constitution the company is precluded from paying dividends.

### Remuneration of Employees – in bands of \$10,000 greater than \$100,000

The following discloses the number of employees (including former employees) of the company, who, during the accounting period, received remuneration and any other benefits in their capacity as employees, to the value of which was or exceeded \$100,000:

No of Employees	No of Employees				
\$100,000 - \$110,000	5	\$140,000 - \$150,000	3	\$180,000 - \$190,000	1
\$120,000 - \$130,000	3	\$170,000 - \$180,000	1	\$430,000 - \$440,000	1

### Directors' Interests

No transactions were entered into by directors of the company during the period.

### Directors' Share Dealings

Nil

### Remuneration of Directors

The remuneration paid to directors totalled \$210,000.

During the year directors fees were paid to the following:

\$'000s		\$'000s	
Murray I Gribben	\$ 58	Michelle Trapski	\$ 31
Duncan J Fraser	\$ 31	Geoff Taylor	\$ 31
Michael O'Donnell	\$ 17	Debbie Birch	\$ 30
John Foley	\$ 12		
TOTAL	\$210		

Michael O'Donnell resigned as a Director in June 2019 and John Foley was appointed as a director in June 2019. The remainder of the above named directors held office during the end of the financial year. Since the end of the financial year Debbie Birch resigned as a Director in April 2020 and Duncan Fraser and Michelle Trapski retired from the Board on rotation and will not be seeking re-election at the next AGM

### Use of Company Information

During the period the board received no notices from directors of the company, requesting to use company information received in their capacity as directors, which would not otherwise have been available to them.

On behalf of the board:

Murray Gribben, Chair	Geoff Taylor, Director
19 May 2020	19 May 2020



## SHAREHOLDING INFORMATION

Number of Shares Number of Shareholders\*

5 or less 1,919

Between 6 & 10 144

Between 11 & 100 117

101 and over 3

In addition, the Ruapehu Alpine Lifts Limited Trust also holds 10,000 "D" shares. In July 2019 a notice was provided to shareholders informing them of the forfeiture of the shares of our missing. As at the time of the notice there were 4,061 shareholders on the register, with no known address for 2,027 (representing 21% of the shares on issue). As at the time of publishing this report 165 shareholders have made themselves known to the company and their shares have been reissued. Other missing shareholders have until the 31 July 2020 to make themselves known to the company to have their shares reissued.

As at the time of publishing this report there are 2,183 shareholders on the register.

Shares do frequently become available for purchase, normally from the estate of deceased shareholders. Purchase price is the face value of the shares – i.e. \$1 for "A" shares, \$20 for "B" and "C" shares. The company secretary facilitates sale and purchase of shares. Contact the Secretary at Private Bag 71902, Mt Ruapehu, 3951 (Email: [companysecretary@mtruapehu.com](mailto:companysecretary@mtruapehu.com)) if there is interest in purchase of available shares.

Since the 26th September 1998 the company constitution precludes any shareholder holding, in aggregate, more than 100 shares, notwithstanding that the aggregate holding may be more than

*\*At the time of publishing this report*

## RUAPEHU ALPINE LIFTS LIMITED TRUST

The Trust was created in 1983 to protect the interests of the company and its shareholders, and to preserve the company's integrity for future generations. The original trustees who invested in the company were issued 10,000 "D" shares, which represent 56.42% of shares on issue (capturing the forfeited shares). The Trust shareholding, and its stated aim of "preserving RAL in its current form", is intended to prevent any individual, group of individuals or organisation being able to action a hostile takeover of the company.

The original trustees were Sir Bryan Todd, Sir Roy McKenzie and Peter Scott. Sir John Ingram was appointed as a trustee in 1984.

Trustees during the reporting year were Tomas Huppert John Parker and Jo Bouchier.

# STATEMENT OF COMPREHENSIVE INCOME

For period ended 30 November 2019

	Note	Nov - 19 (12 Mnths) \$'000s	Nov - 18 (7 Mnths) \$'000s
<b>Operating Activities</b>			
<b>Revenue</b>			
Lift Pass Sales		21,643	21,092
Sale of Goods and Services		12,356	13,957
Rent		251	242
Insurance Proceeds	19	2,585	1,000
<b>Total Revenue</b>		<b>36,835</b>	<b>36,291</b>
 Cost of Sales		 2,558	 2,165
<b>Gross Profit</b>		<b>34,277</b>	<b>34,126</b>
 <b>Expenses</b>			
Auditor's Remuneration – Audit		33	35
Auditor's Remuneration - Other Fees		10	-
Finance Costs		1,303	548
Depreciation	5	5,457	3,222
Amortisation	6	133	77
Directors' Fees	12	210	80
Insurance		1,459	769
Electricity Usage and Line Charges		2,608	1,276
Wages and Salaries		13,606	10,113
ACC		146	243
License Fees, Rates and Ski Area Levies	13	1,600	1,179
Marketing		730	502
Lift Maintenance and Services		1,001	711
Grooming Maintenance and Services		295	160
Other Supplies and Services	15	6,719	6,234
<b>Total Expenses</b>		<b>35,310</b>	<b>25,149</b>
 <b>Surplus/(Loss) from Operations</b>	17	<b>(1,033)</b>	<b>8,977</b>
 <b>Other Items</b>			
<b>Other Income</b>			
Interest Received		57	15
Gain on Sale / Disposal of Property, Plant and Equipment		75	47
Grant Income on Loans	9	2,371	2,250
Fair Value Gain / (Loss) of Derivatives & Foreign Exchange Losses	9	93	(228)
<b>Total Other Income</b>		<b>2,596</b>	<b>2,084</b>
<b>Other Expenses</b>			
Impairment of Property, Plant and Equipment	5	166	243
<b>Total Other Expenses</b>		<b>166</b>	<b>243</b>
 <b>Gain / (Loss) from Other items</b>		<b>2,430</b>	<b>1,841</b>
 <b>Total Comprehensive Surplus / (Loss) for the Period</b>		<b>1,397</b>	<b>10,818</b>

The accompanying notes on pages 15 to 29 form part of these financial statements

# STATEMENT OF FINANCIAL POSITION

as at 30 November 2019

	Note	Nov - 19 (12 Mnths) \$'000s	Nov - 18 (7 Mnths) \$'000s
<b>CURRENT ASSETS</b>			
<b>Financial Assets</b>			
Cash at Bank	9	1,564	6,718
Restricted Funds in Trust	9	3,705	9,307
Trade and Other Receivables	3	2,243	2,108
Life Pass Finance Plan		226	130
<b>Total Current Financial Assets</b>		<b>7,738</b>	<b>18,263</b>
Inventories	4	1,020	424
Prepayments	5	1,139	575
<b>Total Current Assets</b>		<b>9,897</b>	<b>19,262</b>
<b>NON CURRENT ASSETS</b>			
Life Pass Finance Plan		290	-
Property, Plant and Equipment	5	86,799	74,548
Intangible Assets	6	1,423	1,130
<b>Total Non Current Assets</b>		<b>88,512</b>	<b>75,678</b>
<b>TOTAL ASSETS</b>		<b>98,409</b>	<b>94,940</b>
<b>CURRENT LIABILITIES</b>			
<b>Financial Liabilities</b>			
Overdraft Facility		-	-
Lease Liabilities	11	573	356
Trade and Other Payables	7	4,974	5,546
Deferred Grant Income on Loans	9	484	2,854
Bank Borrowings	9	1,000	3,700
Fair Value of Derivatives	9	29	15
<b>Total Current Financial Liabilities</b>		<b>7,060</b>	<b>12,471</b>
Revenue in Advance	8	6,546	7,761
Life Pass Deferred Revenue		2,172	1,760
<b>Total Current Liabilities</b>		<b>15,778</b>	<b>21,992</b>
<b>NON CURRENT LIABILITIES</b>			
Lease Liabilities	11	515	548
Bank Borrowings	9	5,900	3,800
Ministry of Business, Innovation and Employment Loan	9	5,731	5,260
Ruapehu District Council Loan	9	279	256
Tourism Infrastructure Bonds	9	13,500	9,500
Life Pass Deferred Revenue		17,765	16,040
<b>Total Non Current Liabilities</b>		<b>43,690</b>	<b>35,404</b>
<b>TOTAL LIABILITIES</b>		<b>59,468</b>	<b>57,396</b>
<b>NET ASSETS</b>		<b>38,941</b>	<b>37,544</b>
<b>EQUITY</b>			
Share Capital	2	93	138
Retained Earnings		38,848	37,406
<b>TOTAL EQUITY</b>		<b>38,941</b>	<b>37,544</b>

The accompanying notes on pages 15 to 29 form part of these financial statements

# STATEMENT OF CHANGES IN EQUITY

For period ended 30 November 2019

	Note	Share Capital \$'000s	Retained Earnings \$'000s	Total \$'000s
<b>Balance at 1 December 2018</b>		138	37,406	37,544
Comprehensive Loss for the Period		-	1,397	1,397
Movement in Share Capital		(45)	45	-
<b>Balance at 30 November 2019</b>	2	<u>93</u>	<u>38,848</u>	<u>38,941</u>
<b>Balance at 1 May 2018</b>		138	26,588	26,726
Comprehensive Surplus for the Period		-	10,818	10,818
Movement in Share Capital		-	-	-
<b>Balance at 30 November 2018</b>	2	<u>138</u>	<u>37,406</u>	<u>37,544</u>

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

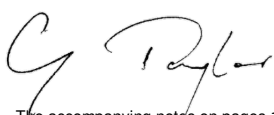
Murray Gribben, Chairman

Date: 19 May 2020



Geoff Taylor, Director

Date: 19 May 2020



The accompanying notes on pages 15 to 29 form part of these financial statements

# CASH FLOW STATEMENT

For period ended 30 November 2019

	Note	Nov - 19 (12 Mnths) \$'000s	Nov - 18 (7 Mnths) \$'000s
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash was provided from:</b>			
Receipts from Customers		26,273	25,268
Revenue Received in Advance	8	6,546	7,761
Receipts from Life Pass Sales	16	4,419	197
Interest Received		57	15
<b>Cash was applied to:</b>			
Payments to Suppliers and Employees		(33,084)	(22,387)
Interest Paid		(810)	(427)
<b>Net Cash Flows from Operating Activities</b>		<b>3,401</b>	<b>10,427</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Cash was provided from:</b>			
Sale of Property, Plant and Equipment		257	69
<b>Cash was applied to:</b>			
Purchase of Property, Plant and Equipment	5 & 6	(17,815)	(10,780)
<b>Net Cash Flows from Investing Activities</b>		<b>(17,558)</b>	<b>(10,711)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Cash was provided from:</b>			
Bank Borrowings		-	-
Ministry of Business, Innovation and Employment Loan		-	10,000
Ruapehu District Council Loan		-	500
Tourism Infrastructure Bonds		4,000	9,500
<b>Cash was applied to:</b>			
Current Portion of Term Loans		(600)	-
<b>Net Cash Flows from Financing Activities</b>		<b>3,400</b>	<b>20,000</b>
<b>NET INCREASE/(DECREASE) IN CASH</b>		<b>(10,757)</b>	<b>19,716</b>
Opening Cash		16,025	(3,691)
<b>Closing Cash</b>		<b>5,268</b>	<b>16,025</b>
<b>COMPOSITION OF CASH AND CASH EQUIVALENTS:</b>			
Cash on Hand		131	18
Restricted Funds in Trust	9	3,705	9,307
Cash at Bank		1,433	6,700
<b>Closing Cash Carried Forward</b>		<b>5,269</b>	<b>16,025</b>

The accompanying notes on pages 15 to 29 form part of these financial statements

**RECONCILIATION OF TOTAL COMPREHENSIVE SURPLUS/(LOSS) WITH CASH FLOW FROM OPERATING ACTIVITIES**

For period ended 30 November 2019

	Nov - 19 (12 Mnths) \$'000s	Nov - 18 (7 Mnths) \$'000s
<b>Reported Net Surplus/(Loss) for the period</b>	1,397	10,818
<b>Add / (Less) Non Cash Items:</b>		
Depreciation	5,457	3,222
Amortisation of Intangible Assets	133	77
Impairment of Property, Plant and Equipment	166	243
Fair Value Movement in Derivatives & Foreign Exchange (Gain) / Loss	(93)	228
Effective Interest on MBIE and RDC loans	9	493
<b>Movements in Working Capital:</b>		
Movement in Trade and Other Payables	(947)	1,346
Movement in Inventories	(597)	249
Movement in Trade and Other Receivables	(135)	(1,862)
Movement in Life Pass Finance Plan	(386)	177
Movement in Prepayments	(564)	(515)
Movement in Season Pass Revenue & Revenue in Advance	(1,215)	480
Movement in Life Pass Deferred Revenue	2,138	(1,860)
<b>Items Classified as Investing Activities</b>		
(Gain) / Loss on Disposal of Assets	(75)	(47)
(Gain) / Loss on loans	(2,371)	(2,250)
<b>Net Cash Flow from Operating Activities</b>	<b>3,401</b>	<b>10,427</b>

The accompanying notes on pages 15 to 29 form part of these financial statements



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For period ended 30 November 2019

### 1. SUMMARY OF KEY ACCOUNTING POLICIES

#### 1.1 Statement of Compliance

Ruapehu Alpine Lifts Limited (the 'Company') is a company registered under the Companies Act 1993. The financial statements have been prepared in accordance with the Financial Reporting Act 2013 and the Companies Act 1993 which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP). The Company is a public benefit entity all profits are reinvested into the maintenance and further development of facilities at the ski areas for the benefit of the public to promote snow sports on Mt Ruapehu.

These financial statements have been prepared in accordance with Public Benefit Entity (PBE) IPSAS Standards and comply with those standards.

#### 1.2 Basis of Preparation

The financial statements have been prepared on the basis of historical cost except for the valuation of certain financial instruments.

Cost is based on the fair value of the consideration given in exchange for the transaction.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring the substance of the underlying transactions or other events as reported.

These financial statements are presented in New Zealand Dollars, rounded to the nearest dollar.

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The Directors note, as a result of COVID-19, that there is significant uncertainty whether the company will be able to continue as a going concern and therefore, whether it will continue its normal business activities and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

The outbreak of COVID-19 and the subsequent quarantine measures imposed under the Government Alert levels in March 2020 and their ongoing impacts have caused disruption to businesses and economic activity, including preparations for the ski season. The restrictions are expected to continue to disrupt activities and the winter ski season.

As at 30 November 2019, the company has external borrowings with ANZ of \$6.9m and other external borrowings of \$19.5m (comprising Bonds issued and a loan obtained from MBIE for the Waka Gondola). The company has no financial covenants. There are operational and reporting covenants which have been met.

The Directors have performed various scenario analysis under the Government Alert levels for the winter season from no operations to a partial or a delayed ski season. These scenarios have highlighted multiple material uncertainties that cast significant doubt on the entity's ability to continue as a going concern and therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. In particular the scenarios have shown an increase in additional funding or debt facilities will be required to meet cashflow demands depending on restrictions in place or sales achievable during the season. The Directors have been in discussions with ANZ and the company has on 15 April 2020 executed an amendment to the overdraft facility. The additional funding comprises of an extension to an overdraft facility from \$5m to \$5.6m with an expiry date of 31 May 2020. This additional funding is reviewed by ANZ on a monthly basis and should ANZ determine not to provide the following months funding the company is likely to not be able to meet its debts as they fall due. Further, if RAL is not allowed to operate during the ski season due to Government Alert levels or if RAL operations are significantly limited either due to restrictions or because of a lower number of skier days following the outbreak of COVID-19 leading to reduced revenue, it is unlikely RAL will be able to pay its debts as they fall due without the support of its financier or other parties. The Directors are focused on obtaining financial support and navigating the period of significant uncertainty.

These financial statements do not include adjustments to the recoverability and classification of recorded assets amounts or to the amounts and classification of liabilities that might be necessary should the company not continue as a going concern.

#### 1.3 Changes in Accounting Policies

There have been no changes in accounting policies throughout the year.

#### 1.4 Prior Year Comparatives

Prior year comparatives have been reclassified, where appropriate, to facilitate comparison with the current year. There has been no material impact on the Statement of Comprehensive Income or Statement of Financial Position.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For period ended 30 November 2019

### 1. SUMMARY OF KEY ACCOUNTING POLICIES (continued)

#### 1.5 Key Sources of Judgment or Estimation

A key area of estimation is in relation to the revenue recorded for life passes where the revenue is released from deferred revenue based on an estimated life over the relevant 25 and 20 year period on an average estimated days of use by the pass holder. A standard life pass has an estimated life of 20 years and the life plus pass has an estimated life of 25 years (due to these being transferable after 10 years). During the period the Company conducted a review of actual usage of life pass and life plus passes vs estimated usage. It was found that the number of days that life plus pass holders were using their passes were less than previously assumed over the 25 year life. This has been revised and has resulted in an acceleration of the draw down of life pass deferred revenue of \$535,388 in the financial period ended 30 November 2019.

A key area of estimation is in relation to determining the Fair Value of the Ministry of Business, Innovation and Employment and Ruapehu District Council concessionary loans. The repayment and interest accrual profiles have been modelled using market value interest rates and forecast visitor forecasts for the Whakapapa Sky Waka Gondola.

Depreciation rates approximate the reasonable expectation of the useful life of each asset group based on the environment the Company operates in and from historical outcomes.

#### 1.6 Adoption of New and Revised Standards and Interpretations

All mandatory standards, amendments and interpretations have been adopted in the current year. None had a material impact on these financial statements.

#### 1.7 Revenue

##### Sale of Goods

Revenue earned by the Company from the supply of goods is measured at the fair value of consideration received. Revenue received from the supply of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

##### Sale of Services

Revenue from the supply of season passes is recognised in full from the first day of the ski season. Revenue from life passes is recognised by reference to the stage of completion (usage) of the life pass. All other revenue, including revenue from day passes and multi-day passes, is recognised on day of use.

##### Interest Received

Revenue is recognised on a time proportionate basis that takes into account the effective yield on financial assets.

##### Operating Rent

Operating Rent is recognised in the Statement of Comprehensive Income when received for the provision of staff accommodation.

#### 1.8 Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of GST, except for receivables and payables that are recognised inclusive of GST.

#### 1.9 Taxation

The Company is exempt from income tax under section CW40 (1) of the Income Tax Act 2007.

#### 1.10 Inventories

Inventories are valued at the lower of cost (calculated using weighted average method) and net realisable value. Net realisable value represents the estimated selling price less costs to be incurred in marketing, selling and distribution.

#### 1.11 Property, Plant and Equipment

Items of property, plant and equipment are initially recorded at cost. When an asset is acquired for no, or nominal consideration the asset will be recognised initially at fair value, where fair value can be reliably determined, with the fair value of the asset received, less costs incurred to acquire the asset, also recognised as revenue in the Statement of Comprehensive Income.

Capital works in progress are recognised as costs incurred. Capital works in progress are carried in the property, plant and equipment schedule as assets under construction. The total cost of this work is transferred to the relevant asset category on its completion and then depreciation commences.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For period ended 30 November 2019

## 1. SUMMARY OF KEY ACCOUNTING POLICIES (continued)

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

Realised gains and losses arising from disposal of property, plant and equipment are recognised in the Statement of Comprehensive Income in the period in which the transaction occurs.

The carrying amounts of property, plant and equipment are reviewed at least annually to determine if there is any indication of impairment. Where an asset's recoverable amount is less than its carrying amount, it will be reported at its recoverable amount and an impairment loss will be recognised. Losses resulting from impairment are reported in the Statement of Comprehensive Income in the period in which they arise.

#### Depreciation

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land.

Depreciation is calculated on a straight-line basis so as to write off the cost of each asset over its useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each annual reporting period.

Buildings and fixtures	5 - 33 years	Motor Vehicles	5 - 10 years
Car Parks and Roads	33 years	Plant and Equipment	2 - 33 years
Ski Lifts & Components	5 - 33 years		

### 1.12 Intangible Assets

Intangible Assets are initially recorded at cost. Intangible Assets with finite lives are subsequently recorded at cost less any amortisation and any impairment losses. The estimated useful life of finite life intangibles are reviewed annually. Amortisation is charged to the Statement of Comprehensive Income on a straight-line basis over the useful life of the asset. Software is regarded as an intangible asset. Typically the useful lives of intangible assets are as follows:

Software	5 years
Whakapapa Licence	60 years (term of the licence)
Turoa License	60 years (term of the license)

Realised gains and losses arising from disposal of intangible assets are recognised in the Statement of Comprehensive Income in the period in which the transaction occurs.

Intangible assets with finite lives are reviewed at least annually to determine if there is any indication of impairment. Where an intangible asset's recoverable amount is less than its carrying amount, it will be reported at its recoverable amount and an impairment loss will be recognised. Losses resulting from impairment are reported in the Statement of Comprehensive Income in the period in which they arise.

### 1.13 Leases

The Company leases certain office equipment, motor vehicles, software, land and buildings. Leases are classified as finance leases wherever the terms of the lease transfer substantially all the risks and rewards of ownership to the Company. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

### 1.14 Financial Instruments

Financial Instruments include financial assets and financial liabilities, but excludes season and life pass deferred revenue for which only a constructive obligation exists. Financial instruments are initially recorded at fair value plus any transaction costs. Subsequent to initial recognition, the measurement of financial instruments is dependent upon the classification determined by the Company.

#### Cash and Equivalents

Cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts.

#### Trade and Other Receivables

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost, using the effective interest method, less any impairment.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For period ended 30 November 2019

### 1. SUMMARY OF KEY ACCOUNTING POLICIES (continued)

#### 1.14 Financial Instruments (continued)

##### Life Pass Finance Plan

Loans to customers to finance the purchase of life passes are recorded at amortised cost.

##### Financial Liabilities and Financial Assets at fair value through the profit or loss

Financial liabilities consist of foreign exchange derivative contracts held for trading, and are valued at fair value through the profit or loss.

##### Financial Liabilities

Financial liabilities such as Trade Payables and Borrowings are recorded at amortised cost.

##### Other Financial Liabilities

Financial liabilities such as concessionary loans (the Ministry of Business, Innovation and Employment and Ruapehu District Council Loans) are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense of the period to repayment is at a constant rate on the balance of the liability carried in the Statement of Financial Position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding

#### 1.15 Foreign Currency

All foreign currency transactions are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Exchange differences are recognised in the Statement of Comprehensive Income in the period in which they arise.

#### 1.16 Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, the future sacrifice of economic benefits is probable, and the amount of the provisions can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. The carrying amount is the present value of those cash flows.

#### 1.17 Cash Flow Statement

Cash and cash equivalents comprise cash on hand and cash in banks net of outstanding bank overdrafts. Operating activities include cash received from all income sources of the Company and cash payments for the supply of goods and services. Investing activities are activities relating to the acquisition and disposal of non-current assets. Financing activities comprises the change in equity and debt capital structure of the Company.

#### 1.18 Borrowing Costs

All borrowing costs are expensed in the Statement of Comprehensive Income in the period in which they occurred.

#### 1.19 Employee Benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual and sick leave. These provisions are expected to be settled within 12 months and have been measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For period ended 30 November 2019

## 2 SHARE CAPITAL

All shares have equal voting rights attached. No share has any right to receive dividends or other pecuniary benefit, or to participate (in excess of the amount of consideration paid on issue of the share) in the distribution of any surplus assets on liquidation of the Company. Surplus assets on wind-up shall be divided among those organisations, societies or other persons nominated by shareholders under special resolution.

Fully Paid Ordinary Shares	A Shares	B Shares	C Shares	D Shares	Total
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Balance at the beginning of the period 1 December 2018	6	28	94	10	138
Shares issued during the period	-	-	-	-	-
Shares forfeited during the period	(2)	(14)	(29)	-	(45)
<b>Balance at the end of the period 30 November 2019</b>	<b>4</b>	<b>14</b>	<b>65</b>	<b>10</b>	<b>93</b>

## Number of Shares

Balance at the beginning of the period 1 December 2018	6,000	1,400	4,710	10,000	22,110
Shares issued during the period	-	-	-	-	-
Shares forfeited during the period	(2,149)	(689)	(1,439)	-	(4,277)
<b>Balance at the end of the period 30 November 2019</b>	<b>3,851</b>	<b>711</b>	<b>3,271</b>	<b>10,000</b>	<b>17,833</b>

Pursuant to section 87 of the Companies Act 1993, RAL is required to maintain a share register which includes the names and latest know address of each shareholder. Clause 11.11 of RAL's Constitution enables the Board to forfeit any shareholders shares who in the reasonable opinion of the Board is no longer able to be contacted by the Company in writing. Pursuant to this clause, the Board passed a resolution to forfeit the shares of those shareholders who the Board has not been able to contact. This took place on the 31st July 2019.

Clause 11.12 of RAL's Constitution enables the Board to re-issue the forfeited shares within 12 months of forfeiture should any shareholder make themselves known to the Company and provides sufficient contact details for future correspondence and communications. The above shares that have been forfeited reflect the balance at the 30th November. Shareholders have until the 31st July 2020 to make themselves known to the company, this may result in some shares being reissued.

## 3 TRADE AND OTHER RECEIVABLES

	Nov - 19 (12 Mths)	Nov - 18 (7 Mths)
	\$'000s	\$'000s
Trade & Other Receivables	2,054	1,633
GST Receivable	189	475
	<b>2,243</b>	<b>2,108</b>

For the Financial Period ending 30 November 2019 Trade and Other Receivables included a receivable for \$1,825,232 (2018: \$1,000,000) as a settlement of the Turoa avalanche insurance claim (refer note 20 for additional information relating to the avalanche insurance claim). This amount was received on the 24th April 2020.

## 4 INVENTORIES

	Nov - 19 (12 Mths)	Nov - 18 (7 Mths)
	\$'000s	\$'000s
Retail	590	238
Food and Beverage	213	23
Fuel	31	32
Sundry	186	131
	<b>1,020</b>	<b>424</b>

## 5 PROPERTY, PLANT AND EQUIPMENT

30 November 2019	Opening Cost	Additions	Disposals	Impairment	Transfers	Closing Cost
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Ski Lifts	34,371	-	(3,271)	(44)	15,763	46,819
Buildings and Fixtures	31,459	-	-	-	7,812	39,271
Car Parks and Roads	6,894	7	-	-	-	6,901
Motor Vehicles	9,833	1,292	(808)	-	(137)	10,180
Service Concession Assets	-	-	-	-	527	527
Plant and Equipment	27,065	846	-	-	1,881	29,792
	<b>109,622</b>	<b>2,145</b>	<b>(4,079)</b>	<b>(44)</b>	<b>25,845</b>	<b>133,490</b>
Assets Under Development	10,355	15,808	(183)	-	(25,558)	422
<b>Total Property, Plant and Equipment</b>	<b>119,977</b>	<b>17,953</b>	<b>(4,262)</b>	<b>(44)</b>	<b>288</b>	<b>133,911</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For period ended 30 November 2019

## 5 PROPERTY, PLANT AND EQUIPMENT (continued)

30 November 2018	Opening Cost	Additions	Disposals	Impairment	Transfers	Closing Cost
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Ski Lifts	33,672	-	-	(685)	1,384	34,371
Buildings and Fixtures	31,563	-	(109)	-	5	31,459
Car Parks and Roads	6,751	-	-	-	143	6,894
Motor Vehicles	10,073	-	(1,173)	-	933	9,833
Service Concession Assets	-	-	-	-	-	-
Plant and Equipment	30,523	-	(3,741)	-	283	27,065
	<b>112,582</b>	<b>-</b>	<b>(5,023)</b>	<b>(685)</b>	<b>2,748</b>	<b>109,622</b>
Assets Under Development	1,490	11,776	(163)	-	(2,748)	10,355
<b>Total Property, Plant and Equipment</b>	<b>114,072</b>	<b>11,776</b>	<b>(5,186)</b>	<b>(685)</b>	<b>-</b>	<b>119,977</b>

30 November 2019	Opening Accumulated Depreciation \$'000s	Prior Year Adjustment \$'000s	Depreciation \$'000s	Disposals \$'000s	Impairment \$'000s	Closing Balance \$'000s
Ski Lifts	12,475	-	1,220	(3,271)	(31)	10,393
Buildings and Fixtures	11,897	-	1,022	-	153	13,072
Car Parks and Roads	2,997	-	207	-	-	3,204
Motor Vehicles	6,083	(208)	1,148	(624)	-	6,399
Service Concession Assets	-	-	59	-	-	59
Plant and Equipment	11,977	208	1,801	-	-	13,986
<b>Total Property, Plant and Equipment</b>	<b>45,429</b>	<b>-</b>	<b>5,457</b>	<b>(3,895)</b>	<b>122</b>	<b>47,113</b>

30 November 2018	Opening Accumulated Depreciation \$'000s	Prior Year Adjustment \$'000s	Depreciation \$'000s	Disposals \$'000s	Impairment \$'000s	Closing Balance \$'000s
Ski Lifts	11,991	-	926	-	(442)	12,475
Buildings and Fixtures	11,468	-	538	(109)	-	11,897
Car Parks and Roads	2,877	-	120	-	-	2,997
Motor Vehicles	6,606	-	641	(1,164)	-	6,083
Service Concession Assets	-	-	-	-	-	-
Plant and Equipment	14,721	-	997	(3,741)	-	11,977
<b>Total Property, Plant and Equipment</b>	<b>47,663</b>	<b>-</b>	<b>3,222</b>	<b>(5,014)</b>	<b>(442)</b>	<b>45,429</b>

<b>Balance as at 30 November:</b>	<b>\$'000s</b>
Net Carrying Value as at 30 November 2019:	<b>86,799</b>
Net Carrying Value as at 30 November 2018:	<b>74,548</b>

In June 2019 RAL entered into a 5-year exclusive agreement with an entity to provide transportation services for paid public transport during the winter season, paid charter services all year round and subsidised staff transport for the winter season. This agreement provided the Contractor with an exclusive right to conduct public transport services and operations for and on behalf of Mt Ruapehu, Whakapapa and Turoa ski fields. Due to the nature of this agreement the buses that RAL own have been reclassified as service concession assets align with IPSAS 32.

In August 2018 an avalanche damaged part of the High Noon Chairlift. An impairment of \$152,741 (Nov - 18 (7 Mths): \$243,370) has been recognised against this asset whilst it is being repaired.

In the financial period ending 30 November 2018 with the construction of the Whakapapa Gondola the Waterfall Chairlift was planned to be removed. Depreciation was accelerated for this asset to reflect the remaining life of the chairlift. The impact of this is an increase in depreciation for the financial period ending 30 November 2018 of \$69,190.

In the financial period ending 30 November 2018 it was decided the depreciation rate for chairlift cables be revised from 33 years to 10 years to reflect the current trend of replacement cycles. The impact of this is an increase on depreciation for the financial period ending 30 November 2018 of \$399,408. The new depreciation rate for chair lift cables increased from 3% to 10% per annum on 1 December 2018.

Within the prepayments amount of \$1,139,275 (Nov - 18 (7 Mths): \$575,127) on the face of the Statement of Financial Position there is a prepayment of \$960,563 which was the prepaid portion at the end of the financial period for the deposit of the Giant refurbishment project. Of the prepayments amount of \$575,127 for the financial period ending 30 November 2018 \$440,772 was the prepaid portion at the end of the financial period for the equipment for the Sky Waka Gondola at Whakapapa Ski Area.



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For period ended 30 November 2019

## 6 INTANGIBLE ASSETS

30 November 2019	Opening Cost	Additions	Disposals	Transfers	Closing Cost
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Intangible Assets	1,863	-		45	1,908
	<b>1,863</b>	<b>-</b>	<b>-</b>	<b>45</b>	<b>1,908</b>
Assets Under Development	1	443	(17)	(45)	382
<b>Total Intangible Assets</b>	<b>1,864</b>	<b>443</b>	<b>(17)</b>	<b>-</b>	<b>2,290</b>

30 November 2018	Opening Cost	Additions	Disposals	Transfers	Closing Cost
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Intangible Assets	1,967	-	(111)	7	1,863
	<b>1,967</b>	<b>-</b>	<b>(111)</b>	<b>7</b>	<b>1,863</b>
Assets Under Development	9	1	(2)	(7)	1
<b>Total Intangible Assets</b>	<b>1,976</b>	<b>1</b>	<b>(113)</b>	<b>-</b>	<b>1,864</b>

30 November 2019	Opening Accumulated Amortisation	Amortisation	Disposals	Transfers	Closing Balance
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Intangible Assets	734	133		-	867
	<b>734</b>		<b>-</b>	<b>-</b>	<b>867</b>

30th November 2018	Opening Accumulated Amortisation	Amortisation	Disposals	Transfers	Closing Balance
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Intangible Assets	769	77	(112)	-	734
	<b>769</b>	<b>77</b>	<b>(112)</b>	<b>-</b>	<b>734</b>

<b>Balance as at 30 November:</b>	<b>\$'000s</b>
Net Carrying Value as at 30 November 2019:	<b>1,423</b>
Net Carrying Value as at 30 November 2018:	<b>1,130</b>

## 7 TRADE AND OTHER PAYABLES

	Nov - 19 (12 Mths)	Nov - 18 (7 Mths)
	\$'000s	\$'000s
Trade Creditors	772	912
Tourism Infrastructure Bond Coupons	98	59
Short Term Employee Entitlements	650	423
Other Accruals and Sundry Creditors	3,454	4,152
	<b>4,974</b>	<b>5,546</b>

Of the total value of trade and other payables, \$644,184 relates to capital purchases (Nov - 18 (7 Mths): \$405,184), the majority of this balance for the period ending November 2019 (12 Mths) is captured in the 'other accruals and sundry creditors' line above along with our DOC licence fee accrual and purchase order accruals.

## 8 REVENUE IN ADVANCE

	Nov - 19 (12 Mths)	Nov - 18 (7 Mths)
	\$'000s	\$'000s
Deferred Revenue Season Passes	6,125	7,399
Other Revenue in Advance	421	362
	<b>6,546</b>	<b>7,761</b>

The deferred revenue relates to season pass sales between October 2019 and November 2019 for the 2020 winter season. These passes cannot be utilised until the opening of the 2020 ski season, as such, the revenue is recognised as deferred revenue and will be drawn down throughout the 2020 season.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

For period ended 30 November 2019

**9 FINANCIAL INSTRUMENTS****Interest Rate Risk**

The Company has exposure to interest rate risk to the extent that it borrows for a fixed term at fixed rates and has an overdraft facility with interest rates that vary quarterly. The Company manages its interest rate risk by securing short and medium term fixed interest rates. The effective interest rates (including a 1.9% margin) on the term borrowings are between 4.16% and 4.83% (Nov - 18 (7 Mnths): 5.01% and 5.62 %).

**Credit Risk**

Credit risk is the risk of failure of a debtor or counterparty to honour its contractual obligation. Financial instruments that potentially subject the Company to credit risk principally consist of cash, accounts receivable and the life pass finance plan. The Company has established credit policies that are used to manage the exposure to credit risk. The maximum exposures to credit risk are considered the carrying value of these financial assets. No collateral is held in relation to any financial asset. The Company is not exposed to any concentrations of credit risk. The Material Damage Policy is placed with one insurer with the following rating in accordance with the Insurance Companies (Rating and Inspections) Act 1994: Lloyds of London A+.

**Currency Risk**

The Company has exposure to foreign exchange risk as a result of transactions denominated in foreign currencies, as well as foreign exchange forward contracts, arising from normal trading activities. Where exposures are uncertain it is the Company's policy to hedge these risks. At balance date the contracted amount of forward exchange contracts outstanding was NZD \$1,276,545 (Nov - 18 (7 Mnths): \$312,184).

The following table details the forward foreign currency exchange (FC) contract as at 30th November 2019:

<b>30 November 2019</b>	<b>Average Exchange Rate</b>	<b>Foreign Currency</b>	<b>Contract Value</b>	<b>Fair Value</b>
			<b>NZ</b>	<b>NZ</b>
			<b>\$'000s</b>	<b>\$'000s</b>
<b>Forward Exchange Contracts</b>				
Buy EUR				
Greater than 3 months	\$0.57	EUR €369,056	652	18
Buy EUR				
Less than 3 months	\$0.57	EUR €358,000	625	11
			<b>1,277</b>	<b>29</b>
<b>30 November 2018</b>	<b>Average Exchange Rate</b>	<b>Foreign Currency</b>	<b>Contract Value</b>	<b>Fair Value</b>
			<b>NZ</b>	<b>NZ</b>
			<b>\$'000s</b>	<b>\$'000s</b>
<b>Forward Exchange Contracts</b>				
Buy EUR				
Less than 3 months	\$0.58	EUR €177,000	307	15
Buy USD				
Less than 3 months	\$0.68	USD \$3,740	5	0
			<b>312</b>	<b>15</b>

The net movements in the Fair Value of Derivatives and Foreign Exchange Gains/(Losses) were \$93,343 (Nov - 18 (7 Mnths): (\$227,900)) and are included in Other Income on the Statement of Comprehensive Income.

**Liquidity Risk**

Liquidity risk arises from a mismatch in the final maturity of Statement of Financial Position Assets and Liabilities. Guidelines have been set to ensure that all obligations of the Company are met in a timely and cost effective manner. The Company has an overdraft facility of \$50,000 (Nov - 18 (7 Mnths): \$50,000) available and a flexible facility of \$5,000,000 (Nov - 18 (7 Mnths): \$5,000,000) with the banker to assist the Company in meeting its obligations. As at balance date the cash at bank position was \$1,560,657 (Nov - 18 (7 Mnths): (\$6,717,415)), the \$50,000 overdraft facility is not being utilised and the flexible facility wasn't drawn down. The maturity analysis of the Company is as follows and represents the future cashflows to the Company (and therefore does not reconcile to the Statement of Financial Position):

**30 November 2019**

<u>Financial Assets</u>	<b>&lt; 1 Year</b>	<b>1 – 5 Years</b>	<b>5 + Years</b>	<b>Total</b>
	<b>\$'000s</b>	<b>\$'000s</b>	<b>\$'000s</b>	<b>\$'000s</b>
Cash at Bank	1,564	-	-	<b>1,564</b>
Restricted Funds in Trust	3,705	-	-	<b>3,705</b>
Trade and Other Receivables	2,243	-	-	<b>2,243</b>
Life Pass Finance Plan	226	290	-	<b>516</b>
<b>Total Financial Assets</b>	<b>7,738</b>	<b>290</b>	<b>-</b>	<b>8,028</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For period ended 30 November 2019

## 9 FINANCIAL INSTRUMENTS (continued)

### Financial Liabilities

Trade and Other Payables	4,974	-	-	4,974
Finance Lease	606	513	20	1,139
Bank Borrowings	1,259	5,939	-	7,198
Ministry of Business, Innovation and Employment Loan	-	894	10,712	11,606
Ruapehu District Council Loan	-	20	567	587
Tourism Infrastructure Bonds	345	9,352	25,843	35,540
Fair Value of Derivatives	29	-	-	29
<b>Total Financial Liabilities</b>	<b>7,213</b>	<b>16,717</b>	<b>37,142</b>	<b>61,073</b>

### 30 November 2018

Financial Assets	< 1 Year	1 – 5 Years	5 + Years	Total
	\$'000s	\$'000s	\$'000s	\$'000s
Cash at Bank	6,718	-	-	6,718
Restricted Funds in Trust	9,307	-	-	9,307
Trade and Other Receivables	2,108	-	-	2,108
Life Pass Finance Plan	130	-	-	130
<b>Total Financial Assets</b>	<b>18,263</b>	<b>-</b>	<b>-</b>	<b>18,263</b>

### Financial Liabilities

Trade and Other Payables	5,546	-	-	5,546
Finance Lease	386	567	-	953
Bank Borrowings	3,925	3,984	-	7,909
Ministry of Business, Innovation and Employment Loan	-	-	11,606	11,606
Ruapehu District Council Loan	-	-	587	587
Tourism Infrastructure Bonds	59	5,102	19,950	25,111
Fair Value of Derivatives	15	-	-	15
<b>Total Financial Liabilities</b>	<b>9,931</b>	<b>9,653</b>	<b>32,143</b>	<b>51,727</b>

### Categories of Financial Instruments

The Company's financial instruments are classified into the following categories:

### 30 November 2019

Financial Assets	Cash and equivalents	Through Profit or Loss	Loans and Receivables	Financial Liabilities at Amortised Cost	Other Financial Liabilities	Total
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Cash at Bank	1,564	-	-	-	-	1,564
Restricted Funds in Trust	3,705	-	-	-	-	3,705
Trade and Other Receivables	-	-	2,243	-	-	2,243
Life Pass Finance Plan	-	-	516	-	-	516
<b>Total Financial Assets</b>	<b>5,269</b>	<b>-</b>	<b>2,759</b>	<b>-</b>	<b>-</b>	<b>8,028</b>

### Financial Liabilities

Accounts Payable	-	-	-	4,974	-	4,974
Finance Lease	-	-	-	1,088	-	1,088
Bank Borrowings	-	-	-	6,900	-	6,900
Ministry of Business, Innovation and Employment Loan	-	-	-	-	5,731	5,731
Ruapehu District Council Loan	-	-	-	-	279	279
Tourism Infrastructure Bonds	-	-	-	13,500	-	13,500
Fair Value of Derivatives	-	29	-	-	-	29
<b>Total Financial Liabilities</b>	<b>-</b>	<b>29</b>	<b>-</b>	<b>26,462</b>	<b>6,010</b>	<b>32,501</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For period ended 30 November 2019

## 9 FINANCIAL INSTRUMENTS (continued)

30 November 2018

<u>Financial Assets</u>	Cash and equivalents	Through Profit or Loss	Loans and Receivables	Financial Liabilities at Amortised Cost	Other Financial Liabilities	Total
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Cash at Bank	6,718	-	-	-	-	6,718
Restricted Funds in Trust	9,307	-	-	-	-	9,307
Trade and Other Receivables	-	-	2,108	-	-	2,108
Life Pass Finance Plan	-	-	130	-	-	130
<b>Total Financial Assets</b>	<b>16,025</b>	<b>-</b>	<b>2,238</b>	<b>-</b>	<b>-</b>	<b>18,263</b>
<u>Financial Liabilities</u>						
Accounts Payable	-	-	-	5,546	-	5,546
Finance Lease	-	-	-	904	-	904
Bank Borrowings	-	-	-	7,500	-	7,500
Ministry of Business, Innovation and Employment Loan	-	-	-	-	5,260	5,260
Ruapehu District Council Loan	-	-	-	-	256	256
Tourism Infrastructure Bonds	-	-	-	9,500	-	9,500
Fair Value of Derivatives	-	15	-	-	-	15
<b>Total Financial Liabilities</b>	<b>-</b>	<b>15</b>	<b>-</b>	<b>23,450</b>	<b>5,516</b>	<b>28,981</b>

### Fair Value Measurements Recognised in the Statement of Financial Position

Financial instruments subsequent to initial recognition are grouped into Levels 1 to 3 based on degrees to which the fair value is observable:

- Level 1 Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2 Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Financial instruments that fall into level 3 for the Company include the Ruapehu District Council and Ministry of Business, Innovation and Employment loans.

The Company has derivatives in place at balance date and these are valued at Level 2 on the hierarchy.

### Security

ANZ Bank New Zealand Limited has a security agreement over all present and after acquired property of the Company with the exception of the Sky Waka Gondola. The Tourism Infrastructure Bond holders have security over the Sky Waka Gondola.

### Borrowings and Finance Costs

During the financial period ending 30 November 2019 the Company was not subject to an event review under the terms of its loan agreement with the ANZ Bank New Zealand Limited. The term borrowings are in place until 2021 and have a \$1m repayment in December each year. Each year the seasonal facility agreements are determined and negotiated. The effective interest rates (including a 1.9% margin) on the term borrowings are between 4.16% and 4.83% (Nov - 18 (7 Mnth): 5.01% and 5.62 %).

Security over Finance Leases assets exists until repayment in full. The effective interest calculations for the period were \$470,790 and \$22,924 for the MBIE and RDC loans respectively (Nov - 18 (7 Mnth) \$115,121 and \$5,606). The interest accrual on the Tourism Infrastructure bonds were \$97,849 (Nov - 18 (7 Mnth) \$59,342).

	Nov - 19 (12 Mnth)	Nov - 18 (7 Mnth)
	\$'000s	\$'000s
Interest Component Term Borrowings	201	258
Interest Charges on Finance Leases and Lease Liabilities	50	48

A non-adjusting event was disclosed in the prior year financials, where the Company had a \$3.1m facility with the ANZ Bank. For the Nov 18 (7 Months) period this was classified as a current liability in the Statement of Financial Position. Subsequent to year end a facility extension was provided by ANZ which extended this to 31 January 2021.

### Restricted Funds Held In Trust

The Restricted Funds Held In Trust is an account held in Trust with Macalister Mazengarb (Wellington legal firm) as the funds are specific to the construction of the Sky Waka Gondola at Whakapapa. The MBIE and RDC loan facilities were paid into this account along with the funds from the Tourism Infrastructure Bonds. Payments are then released from this account by Macalister Mazengarb once the payments have been verified by the engineer to the contract.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For period ended 30 November 2019

9 FINANCIAL INSTRUMENTS (continued)

Ministry of Business, Innovation and Employment Loan

The Ministry of Business, Innovation and Employment (MBIE) entered into a loan agreement with the Company as part of their Provincial Growth Fund (PGF) to the value of \$10,000,000. The funds of this loan are specific to building the Sky Waka Gondola at the Whakapapa Ski Area. The term of the loan is 10 years and the repayment for principal and the accrual for interest is triggered when a 'repayment event' occurs. In the agreement a 'repayment event' has been specified when the number of non-ski passengers exceeds 300,000 in any given financial year. The interest rate in the agreement is 2.78% based off the 10-year government bond rate at the date of signing the agreement. The repayment profile has been modelled using the expected visitor forecasts prepared by external consultants as part of the feasibility study and application for the PGF funding. This loan is a 'concessionary loan' as the terms are below standard market conditions. When assessing the market value of similar funding arrangements we used a rate of 8.95% as that at commencement of the instrument is what is currently offered for asset/equipment financing. The face value of the loan was \$10,000,000 and the Fair Value at initial recognition amounted to \$5,145,111. A gain of \$2,330,346 (Nov - 18 (7 Mnths): \$2,090,793) has been recognised in the financial period as Grant Income on Loans in the Statement of Comprehensive Income and \$433,749 (Nov - 18 (7 Mnths): \$2,764,095) has been deferred in the Statement of Financial Position as Deferred Grant Income on Loans. The gain recognised in the Statement of Comprehensive Income is a non-monetary gain. The values disclosed in the maturity analysis is reflective of the expected cashflows associated with this agreement.

A non-adjusting subsequent event was disclosed in the prior year financials where the Company had a \$3.1m facility with the ANZ bank. For the Nov - 18 (7 Mnths) period this was classified as a current liability in the Statement of Financial Position. Subsequent to year end a facility extension was provided by ANZ which extended this to 31 January 2021.

Ruapehu District Council Loan

The Ruapehu District Council (RDC) entered into a loan agreement with the Company to the value of \$500,000. The funds of this loan are specific to building the Sky Waka Gondola at the Whakapapa Ski Area. The term of the loan is 10 years with interest accruals and payments of interest triggered when a 'repayment event' occurs. In the agreement a 'repayment event' has been specified when the number of non-ski passengers exceeds 300,000 in any given financial year. The interest rate in the agreement is 2.81% based off the 10-year government bond rate at the date of signing the agreement. The interest accrual and payment profile has been modelled using the expected visitor forecasts prepared by external consultants as part of the feasibility study and application for the PGF funding. This loan is a 'concessionary loan' as the terms are below standard market conditions. When assessing the market value of similar funding arrangements we used a rate of 8.95% as that is what is at commencement of the instrument currently offered for asset/equipment financing. The face value of the loan was \$500,000 and the Fair Value at initial recognition amounted to \$249,466. A gain of \$40,264 (Nov - 18 (7 Mnths): \$159,313) has been recognised in the financial period as Grant Income on Loans in the Statement of Comprehensive Income and \$49,889 (No - 18 (7 Mnths): \$90,153) has been deferred in the Statement of Financial Position as Deferred Grant Income on Loans. The gain recognised in the Statement of Comprehensive Income is a non-monetary gain. The values disclosed in the maturity analysis is reflective of the expected cashflows associated with this agreement.

Tourism Infrastructure Bonds

The company established 'Tourism Infrastructure Bonds' to fund of the Sky Waka Gondola at the Whakapapa Ski Area. \$14.5m of bonds were available and at the end of the financial year \$13.5m (Nov - 18 (7 Mnths): \$9.5m) had been subscribed and committed to. The bond holders include Taupo District Council, Tūwharetoa Gondola Partnership Limited, Bay Trust, and two private entities. These bonds attract a minimum quarterly coupon of 3% and uncapped upside depending on the non-ski passenger tickets sold once its operational. The upside is determined by calculating an inflation-adjusted toll of NZD\$0.50 for every sightseeing ticket sold per bond held in multiples of \$1m. The payment profile has been modelled using the expected visitor forecasts prepared by external consultants as part of the feasibility study and application for the PGF funding with the assumption that the bonds are repaid at the end of year 10.

Gondola Underwrite

During the financial period the Company also had an underwrite agreement of \$5m in place for the Gondola. This was released in July 2019 and was not drawn down. In the 2018 financial period RAL paid an underwrite fee of 3% as disclosed in note 15. The term of the underwrite was 12 months and if it not be taken out and be called it was to be convertible to bonds on the same terms as the bond holders but with an restriction on RAL not undertaking other significant capital investments until these bonds are repurchased from the underwriter.

Sensitivity Analysis

The Company is exposed to market risks such as interest rate risk and foreign exchange risk during the course of the Company's normal trading activities. No sensitivity analysis has been performed for the Company's exposure to interest rate risk given the majority of the Company's exposure to interest rate risk is on the borrowings that are on fixed interest rates.

As interest rates are fixed the only sensitivity for the Company's borrowings is around the payment profile for MBIE Loan and Tourism Infrastructure Bonds. The below sensitivity analysis has been performed for the cashflows of these facilities as payments are triggered off visitor numbers.

30 November 2019 Sensitivity Analysis	MBIE	Bonds
	\$'000s	\$'000s
Increase in maturity profile + 10% Visitor Numbers	380	2,170
Decrease in maturity profile - 10% Visitor Numbers	(347)	(2,170)

30 November 2018 Sensitivity Analysis	MBIE	Bonds
	\$'000s	\$'000s
Increase in maturity profile + 10% Visitor Numbers	(347)	(1,527)
Decrease in maturity profile - 10% Visitor Numbers	380	1,527

The below sensitivity analysis has been performed for the foreign exchange risk on the derivatives open as at 30 November 2019. The following table details the Company's sensitivity to a 100 basis point increase and decrease in USD and EUR Exchange rates:

30 November 2019 Sensitivity Analysis	USD	EUR
	\$'000s	€'000s
Total Comprehensive Loss for the period + 100 basis points	-	(22)
Total Comprehensive Loss for the period - 100 basis points	-	23

Total Equity for the period + 100 basis points	-	(22)
Total Equity for the period - 100 basis points	-	23

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For period ended 30 November 2019

## 9 FINANCIAL INSTRUMENTS (continued)

### 30 November 2018 Sensitivity Analysis

	USD	EUR
	\$'000s	€'000s
Total Comprehensive Loss for the period + 100 basis points	(80)	(5)
Total Comprehensive Loss for the period - 100 basis points	83	5
Total Equity for the period + 100 basis points	(80)	(5)
Total Equity for the period - 100 basis points	83	5

## 10 TRANSACTIONS WITH RELATED PARTIES

During the period the Company didn't receive services from or sold to companies in which current Directors and Management have an interest.

## 11 COMMITMENTS

	Nov - 19 (12 Mnths) \$'000s	Nov - 18 (7 Mnths) \$'000s
<b>Capital Commitments</b>		
Estimated capital expenditure contracted for at balance date but not provided for, was for the completion of the Whakapapa Gondola and the Giant Chairlift Project (Nov - 18 (7 Mnths): completion of the Sky Waka Gondola)	4,362	13,433
<b>Operating Lease Commitments</b>		
Lease commitments under non-cancellable operating leases:		
Not later than one year	420	363
Later than one year and not later than five years	576	802
Later than five years and not later than ten years	121	-
	<b>1,117</b>	<b>1,165</b>

These operating leases are for staff accommodation, workshop facilities, and a sales and information offices. Total expenditure for Nov - 19 (12 Mnths) amounted to \$438,235 (Nov - 18 (7 Mnths): \$270,697).

### Finance Lease Commitments

The Company leases eighteen motor vehicles which have a net carrying value of \$1,345,330 (Nov - 18: \$1,056,766 (8 Vehicles)). In addition during the Nov-19 year the Company entered into a finance agreement to purchase 25 Click and Collect Machines which have a net carrying value of \$423,177. These assets are classified as finance leases as the ownership of the vehicles and Terminals transfers to the Company at the end of the minimum lease terms.

Future lease payments are due as follows:

30 November 2019	Minimum Lease Payments \$'000s	Interest \$'000s	Principal \$'000s	Present Value \$'000s
Not later than one year	606	33	573	553
Later than one year and not later than five years	512	17	495	501
Later than five years and not later than ten years	20	0	20	20
	<b>1,138</b>	<b>50</b>	<b>1,088</b>	<b>1,074</b>

### 30 November 2018

	Minimum Lease Payments \$'000s	Interest \$'000s	Principal \$'000s	Present Value \$'000s
Not later than one year	386	30	356	386
Later than one year and not later than five years	567	19	548	559
Later than five years and not later than ten years	-	-	-	-
	<b>953</b>	<b>49</b>	<b>904</b>	<b>945</b>



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For period ended 30 November 2019

## 12 DIRECTORS FEES

### Directors

During the period Directors' fees were paid to the following:

	Nov - 19 (12 Mnths) \$'000s	Nov - 18 (7 Mnths) \$'000s
Murray I Gribben	58	24
Duncan J Fraser	31	13
Geoff Taylor	31	13
Michelle Trapski	31	13
Debbie Birch	30	13
Michael O'Donnell	17	4
John Foley	12	-
	<b>210</b>	<b>80</b>

## 13 License Fees, Rates and Ski Area Levies

License fees, rates and ski area levies are split as per below:

	Nov - 19 (12 Mnths) \$'000s	Nov - 18 (7 Mnths) \$'000s
DOC License Fees	760	713
Rates and Ski Area Levies	840	466
	<b>1,600</b>	<b>1,179</b>

## 14 KEY MANAGEMENT PERSONNEL

Key management personnel of the Company include the Directors and Senior Leadership team.

### Board Members

Remuneration	\$210	\$80
Full-Time Equivalent members	6.0	5.5

### Senior Leadership Team

Remuneration	\$1,498	\$600
Full-Time Equivalent members	7.5	5.8

### Total Key Management personnel remuneration

**\$1,708** **\$680**

### Total Full Time equivalent personnel

**13.5** **11.3**

The amounts disclosed above are the amounts recognised as an expense during the reporting period related to key management personnel. Related party disclosures have been included in Note 10 to the financial statements.

The Company provided compensation to close family members of key management personnel during the period to the value of \$47,615 (Nov - 18 (7 Mnths): \$24,669). The Company did not provide any loans to key management personnel or their close family members.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For period ended 30 November 2019

## 15 OTHER SUPPLIES AND SERVICES

The Company's Other Supplies and Services are classified into the following categories based on key functions:

	Nov - 19 (12 Mnths) \$'000s	Nov - 18 (7 Mnths) \$'000s
Accommodation Leases & Supplies and Services	354	238
Bank Fees	37	53
Board and Governance Expenditure	198	57
Cadetship	(119)	(131)
Consumable and Cleaning Supplies	310	220
Corporate Support and Services	606	274
Credit Card Commission Paid	365	353
FBT	78	43
Field Operations Supplies and Services	81	75
Food and Beverage Supplies and Services	40	17
Fuel Expenditure (Vehicles, Groomers and Transport)	346	416
Gondola Underwrite	-	150
Kiwisaver	259	191
Maintenance and Service of Buildings and Equipment	814	613
Medical Centre Supplies and Services	60	63
Motor Vehicle Expenditure and Maintenance	290	343
Ohakune & Taupo Office Lease, Supplies and Services	139	60
Postage, Courier, Printing and Stationary	49	49
Professional Fees	82	119
Rentals Supplies and Services	61	28
Retail Supplies and Services	2	1
Road and Carpark Maintenance	172	134
Safety & Environmental Risk	85	87
Ski Patrol Supplies and Services	114	116
Snow School Supplies and Services	209	55
Snowmaking Supplies	35	135
Software Fees & IT Services and Supplies	718	354
Staff Training Expenditure	105	80
Staff Uniform	182	96
Strategic Planning	161	518
Summer Operation Supplies and Services	-	16
Telephone Rental	88	50
Ticket Stock Consumed	152	234
Transport Expenditure (excl. Fuel)	250	528
Travel & Entertainment	158	125
Turoa Avalanche	238	474
<b>Total</b>	<b>6,719</b>	<b>6,234</b>

## 16 RECEIPTS FROM LIFE PASS SALES

For the Financial period ending 30 November 2019, these figures represent money received from payments for the Life Pass Finance Plan and also sales of new life passes.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For period ended 30 November 2019

## 17 RECONCILIATION OF PROFIT/(LOSS) FROM OPERATIONS TO EBITDA

	Nov - 19 (12 Mnths) \$	Nov - 18 (7 Mnths) \$
Profit/(Loss) from Operations	(1,033)	8,977
<i>Add back:</i>		
Finance Costs	1,303	548
Depreciation	5,457	3,222
Amortisation	133	77
<i>Less</i>		
Insurance Proceeds	2,585	1,000
Acceleration of life pass revenue draw down	-	-
EBITDA	<b>3,275</b>	<b>11,824</b>

During the period the Company concluded a review of actual usage (refer note1.5). This resulted in an accelerated draw down of life pass revenue of \$535,388. For the purpose of the above reconciliation this has been taken off the Profit/(Loss) from operations as it has a change in accounting estimate and not attributable to life pass usage during the 2019 financial period.

## 18 SUBSEQUENT EVENTS

As a result of the global pandemic, COVID-19, the Company ceased the operation of their summer sightseeing business on the 23rd March 2020 for the remainder of the 2020 summer season. COVID-19 is considered a non-adjusting subsequent event. Analysis has been conducted by the Company modelling a number of scenarios including the worst case which has been presented to ANZ reflecting expected cashflows should the Company not be able to operate for winter 2020. ANZ are supporting the company on a month by month basis through the review and provision of additional facilities as a result of COVID-19. The overdraft facility was amended on 15 April 2020 from a \$5m to a \$5.6m facility with a termination date of 31 May 2020 (refer Note 1.2). The Government alert levels have delayed preparations and required maintenance for the winter.

## 19 INSURANCE CLAIM

On the 6th August 2018 during routine avalanche control operations, an avalanche at the Turoa ski area was triggered and as a result caused damage to the Highnoon Chairlift (towers, haul rope, and sheave assemblies) and wrote off a groomer. RAL has lodged a material damage and business interruption insurance claim. At year end these claims had been accepted but not yet settled. Prior to yearend we had received partial settlement proceeds of \$760,000 in September 2019 in addition to the \$1,000,000 offered (and subsequently paid in December 2018), these partial settlements were non-specific to the material damage or business interruption. The claim remained outstanding as at the end of the financial period and was settled in April 2020 with a final payment of \$1,825,232 being made.

## Independent Auditor's Report

### To the Shareholders of Ruapehu Alpine Lifts Limited

#### Disclaimer Opinion

We were engaged to audit the financial statements of Ruapehu Alpine Lifts Limited (the 'Company'), which comprise the statement of financial position as at 30 November 2019, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying financial statements of the Company, on pages 10 to 29. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section in our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

#### Basis for disclaimer of opinion

Note 1.2 discloses the material uncertainties that were considered by the Directors in determining the appropriateness of the going concern basis. The uncertainties relate to the Company's ability to secure financing facilities beyond 31 May 2020, the extent of the Government Alert level restrictions on the Company's ability to operate during the Winter 2020 ski season, and the number of skier days, following the outbreak of COVID-19. Given there are multiple uncertainties that potentially interact with each other, we were unable to obtain sufficient appropriate audit evidence to confirm or dispel whether it is appropriate to prepare the financial statements using the going concern basis of accounting.

#### Other information

The Directors are responsible on behalf of the Company for the other information. The other information comprises the information in the Annual Report that accompanies the financial statements and the audit report.

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

Our responsibility is to read the other information obtained prior to the date of our audit report, and consider whether it is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If so, we are required to report that fact. We have nothing to report in this regard.

#### Director's responsibilities for the financial statements

The Directors are responsible on behalf of the Company for the preparation and fair presentation of the financial statements in accordance with Public Benefit Entity Standards, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing 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 to cease operations, or have no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the Company's financial statements in accordance with International Standards on Auditing ('ISAs') and International Standards on Auditing (New Zealand) ('ISAs (NZ)') and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

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

Other than in our capacity as auditor and financial modelling services, we have no relationship with or interests in the Company, except that partners and employees of our firm deal with the Company on normal terms within the ordinary course of trading activities of the business of the Company.

**Restriction on use**

This report is made solely to the Company's Shareholders, as a body, in accordance with Section 207B of the Companies Act 1993. 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's Shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

*Deloitte Limited*

Wellington, New Zealand  
19 May 2020