

**PAE (New Zealand) Limited**

**Company Number: 534171  
NZBN: 9429039023568**

**Annual Report**

**For The Year Ended 31 December 2020**

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PAE (New Zealand) Limited  
Company Number: 534171  
Annual Report

The Directors present their Annual Report including the financial statements of the Company for the year ended 31 December 2020

With the unanimous agreement of all shareholders, the Company has taken advantage of the reporting concessions available to it under Section 211(3) of the Companies Act 1993.

The Board of Directors of PAE (New Zealand) Limited authorised these financial statements for issue on



\_\_\_\_\_  
Director

\_\_\_\_\_  
5th May 2021

Date:



\_\_\_\_\_  
Director

\_\_\_\_\_  
5th May 2021

Date:

PAE (New Zealand) Limited  
Statement of Comprehensive Income  
For The Year Ended 31 December 2020

	Note	2020 \$000	2019 \$000
Revenue	4	82,885	92,453
Direct expenses	5	(69,123)	(78,982)
Indirect expenses		(9,193)	(8,970)
Other expenses		292	-
Depreciation expenses		(2,064)	(2,738)
Net Finance (Cost)/Income		(265)	(314)
Income Tax Expense	12	(731)	(411)
<b>Net Profit for the Year</b>		<b>1,801</b>	<b>1,038</b>
Other Comprehensive Income		-	-
<b>Total Comprehensive Income</b>		<b>1,801</b>	<b>1,038</b>

PAE (New Zealand) Limited  
Statement of Changes in Equity  
For The Year Ended 31 December 2020

		2020 \$000	2019 \$000
Equity as at 1 January 2020		11,494	12,513
Net Profit for the Year		1,801	1,038
Dividends paid to shareholders during the year	17	-	(2,057)
<b>Equity as at 31 December 2020</b>		<b>13,295</b>	<b>11,494</b>

The above statements should be read in conjunction with the Notes on pages 7 to 14

PAE (New Zealand) Limited  
Statement of Financial Position  
As at 31 December 2020

	Note	2020 \$000	2019 \$000
<b>Current Assets</b>			
Cash & Cash Equivalents	15(i)	5,088	2,785
Trade and Other Receivables	15(i)	7,027	8,187
Short-term deposits	15(i)	3,000	-
Contract Assets		4,664	6,319
Prepayments		130	180
Income Tax receivable	12	23	221
<b>Total Current Assets</b>		<b>19,932</b>	<b>17,692</b>
<b>Non-Current Assets</b>			
Property Plant & Equipment	6	1,903	2,368
Intangibles	6	190	290
Right-to-Use Asset	10	5,080	5,965
Deferred Tax		174	228
<b>Total Non-Current Assets</b>		<b>7,348</b>	<b>8,851</b>
<b>Total Assets</b>		<b>27,280</b>	<b>26,543</b>
<b>Current Liabilities</b>			
Trade and Other Payables	15(ii)	(3,220)	(2,959)
Accrued Expenses	15(ii)	(2,812)	(3,585)
Employee Benefits		(2,327)	(1,912)
Goods and Services Tax Payable		(508)	(543)
Lease Liability	11	(1,111)	(456)
<b>Total Current Liabilities</b>		<b>(9,978)</b>	<b>(9,455)</b>
<b>Non-Current Liabilities</b>			
Lease Liability	11	(4,007)	(5,594)
<b>Total Non-Current Liabilities</b>		<b>(4,007)</b>	<b>(5,594)</b>
<b>Equity</b>			
Share Capital	7	(1,000)	(1,000)
Retained Earnings		(12,295)	(10,494)
<b>Total Equity</b>		<b>(13,295)</b>	<b>(11,494)</b>
<b>Total Equity and Liabilities</b>		<b>(27,280)</b>	<b>(26,543)</b>

Authorised for issue for and on behalf of the Directors

Director  
Date:

Director  
Date:

The above statement should be read in conjunction with the Notes on pages 7 to 14

PAE (New Zealand) Limited  
Statement of Cashflows  
For The Year Ended 31 December 2020

	Note	2020 \$000	2019 \$000
<b>Cashflows from operating activities</b>			
Profit Before Tax		2,532	1,449
Tax paid		(731)	(411)
<b>Net cashflows from operating activities</b>		<b>1,801</b>	<b>1,038</b>
<b>Add:</b>			
Depreciation & Amortisation Expense	5	2,064	2,738
Net Finance (costs) / Income		265	314
Increase in Deferred Tax Asset	12	53	(124)
Disposal of Fixed Assets		(166)	(60)
<b>Plus Movements in Working Capital:</b>			
Decrease/(Increase) In Debtors/Receivables		1,160	(1,026)
Decrease/(Increase) In Unbilled Receivables - WIP		1,655	(2,363)
(Decrease)/Increase In Prepaid Expenses and Other		50	115
(Decrease)/Increase In Accounts Payable		261	(253)
(Decrease)/Increase In GST & Income Tax		162	(628)
(Decrease)/Increase In Accrued Expenses		(773)	2,597
(Decrease)/Increase In Payroll and Related Items		413	(432)
<b>Less:</b>			
Net Finance (costs) / Income		(265)	(314)
<b>Net cashflows from Operations</b>		<b>6,680</b>	<b>1,602</b>
<b>Cashflows from investing activities</b>			
Capital Expenditure		(661)	(1,029)
Proceeds from Sale of Assets		237	22
<b>Net cashflows from investing activities</b>		<b>(424)</b>	<b>(1,007)</b>
<b>Cashflows from financing activities</b>			
Lease liability (IFRS16)		(952)	(746)
Dividends Paid	17	-	(2,057)
<b>Net cashflows from financing activities</b>		<b>(952)</b>	<b>(2,803)</b>
<b>Net Increase/(decrease) In cash held</b>			
Cash at the beginning of the period		5,304	(2,209)
<b>Cash at the end of the period</b>		<b>8,088</b>	<b>2,784</b>

The above statement should be read in conjunction with the Notes on pages 7 to 14

PAE (New Zealand) Limited  
Notes to the Financial Statements  
For The Year Ended 31 December 2020

**1 Reporting Entity**

PAE (New Zealand) Limited ("the Company") is a company domiciled in New Zealand and registered under the Companies Act 1993 and whose shares are jointly owned by PAE Holding Corporation and R.G Consulting Group.

The financial statements are for the year ended 31 December 2020.

**2 Basis of Preparation**

**Basis of Measurement**

The Company is a Tier 2 for-profit entity as it does not have public accountability and meet the criteria of a large entity. These financial statements are prepared in accordance with NZ IFRS RDR. Unless otherwise stated, the financial statements have been prepared on the historical cost basis.

**Functional and Presentation Currency**

These financial statements are presented in Thousands of New Zealand Dollars \$(000), which is the Company's functional currency.

**New and amended standards adopted by the Company**

The Company has applied no new standards.

**3 Significant Accounting Policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. The Company has not elected to early adopt any new standards or interpretations that are issued but not yet effective. There are no new accounting standards and amendments issued that have a material impact on the financial statements.

**Revenue Recognition**

The Company is in the business of providing outsourcing services, primarily in the areas of asset and facilities management and maintenance, supply and logistics, consulting and other associated services. Revenue shown in the Statement of Comprehensive Income comprises the amounts received and receivables by the company for services supplied to clients in the ordinary course of business. It is measured in proportion to the stage of completion of the transaction at the reporting date or on a time and cost incurred to date (including mark-up if applicable) basis. For details, refer to Note 4.

**Government Grants**

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

**Property, Plant & Equipment**

*Recognition and Measurement*

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Costs include the value of the consideration given to acquire the assets and the value of other directly attributable costs which are incurred in bringing the assets to the location and condition necessary for their intended service.

*Subsequent Cost*

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the Statement of Comprehensive Income as incurred.

PAE (New Zealand) Limited  
Notes to the Financial Statements  
For The Year Ended 31 December 2020

**Depreciation**

Depreciation is recognised in the Statement of Comprehensive Income and is calculated on a straight line basis to allocate the cost of the asset over the estimated useful life. The rates used for the various categories are as follows:

Buildings	8%
Plant and Equipment	5.5% - 100%
Motor Vehicles	7% - 40%
Computer Equipment	13.5% - 48%
Furniture & Fittings	6% - 18%
Leasehold Improvements	6% - 40%

**Foreign Currency**

Foreign currency transactions are recorded at the exchange rate in effect at the date of settlement of the transaction. Foreign currency denominated monetary assets and liabilities are translated at the year-end foreign currency exchange rate. Foreign currency differences arising on translation are recognised in the Statement of Comprehensive Income.

**Contract Assets**

A Contract Asset is the right to consideration in exchange for goods or service transferred to the customer. It is initially recognised for revenue earned from installation services by PAE NZ Ltd because the receipt of consideration is conditional on successful completion of the delivery. Upon completion of services and acceptance by the customers, the amount recognised as contract assets is reclassified to trade receivable.

Contract Assets are reviewed on a regular basis for impairment and provisions are made for any irrecoverable amounts.

**Financial Instruments**

Financial instruments are recognised initially at fair value plus transactional cost unless they are carried at fair value through the profit and loss in which case the transaction costs are recognised in the surplus or deficit.

A financial instrument is recognised if the Company becomes a party to the contractual provision of the instrument.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

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

For the purposes of subsequent measurement, the Company measures the financial assets at amortised cost using the effective interest rate method (EIR) as the financial assets are held with the objective to hold financial assets in order to collect cashflows and the contractual terms give rise to cashflow that solely represents principal and interest on the outstanding amount.

The Company's financial liabilities include payables and borrowings. Financial liabilities are measured at fair value on initial recognition, and are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate.

Financial assets are derecognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial rewards

**Trade and Other Receivables**

Trade receivables that do not contain a significant financing component are measured at the transaction price less impairment losses.

**Interest-bearing borrowings**

Interest-bearing borrowings are classified as other non-derivative financial instruments.

**Trade and Other Payables**

Trade and other payables are stated at cost.

**Ordinary Shares.**

Incremental costs directly attributable to the issue of ordinary share and share options are recognised as a deduction from equity.

PAE (New Zealand) Limited  
Notes to the Financial Statements  
For The Year Ended 31 December 2020

#### Income Tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income adjusted by changes in deferred tax assets and liabilities attributed to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax is provided using the balance sheet liability method. Temporary differences are provided for between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, and tax rates enacted or substantively enacted at balance date. A deferred tax asset is recognised only to the extent that it is probable that future taxable surpluses will be available against which the asset can be used.

Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

#### Impairment

The carrying amounts of the Company assets other than inventories are reviewed at balance date to determine whether there is any objective evidence of impairment. If any such indications exist, the assets' recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in the Statement of Comprehensive Income.

#### Goods and Services Tax (GST)

The financial statements are prepared on a GST exclusive basis, with the exception of accounts receivable and accounts payable which are stated with GST included. Where GST is irrecoverable as an input tax, then it is recognised as part of the related asset or expense.

#### Intangibles

##### *Recognition and Measurement*

Intangible Assets acquired by the Company, which have finite useful lives, are measured at cost less accumulated amortisation and impairment losses.

##### *Software acquisition and development*

Acquired computer software licences are capitalised on the basis of costs incurred to acquire and bring to use the specific software. Costs that are directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include software development, employee costs and an appropriate portion of relevant overheads.

##### *Subsequent Cost*

The costs associated with maintaining computer software, expenditure relating to patches and other minor updates as well as their installation, is expensed when incurred.

##### *Amortisation*

Amortisation is recognised in the Statement of Comprehensive Income and is calculated on a straight line basis to allocate the cost of the asset over the estimated useful life. The rate used for the category is as follows:

Integrated Facilities Management & Accounting Software	8.5% - 48%
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#### Leases

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

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

##### *Right-of-use assets*

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

Other	5 years
Buildings	3 to 10 years

Other includes photocopiers, and the right-to-use assets are also subject to impairment.

#### Dividends

Provision is made for the amount of any dividend declared on or before the end of the financial year but not distributed at balance date. Dividend distribution to the Company shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Directors and notified to the Company's shareholders.

PAE (New Zealand) Limited  
Notes to the Financial Statements  
For The Year Ended 31 December 2020

4 Revenue

	2020	2019
	\$000	\$000
<i>Revenue by type</i>		
Fixed Price	21,453	20,676
Schedule of Rates	38,585	39,549
Project and Others	22,847	32,228
<b>Total</b>	<b>82,885</b>	<b>92,453</b>

Fixed Price revenue is earned from a set of services that PAE has agreed to provide our customers on a regular basis.

5 Expenses

	2020	2019
	\$000	\$000
<i>Direct expenses</i>	<b>(69,123)</b>	<b>(78,982)</b>
Direct expenses costs can be directly attributable to revenue, primarily Subcontractors, Materials and Direct labour costs. Direct overhead is included in Indirect costs.		
<i>Indirect expenses</i>	<b>(9,193)</b>	<b>(8,970)</b>
Indirect costs are not directly attributable to revenue, primarily indirect labour and costs to support the business.		
<i>Other expenses</i>	<b>292</b>	<b>-</b>
Other expenses are revenue or expenses which are not expected to be recurring and are not incurred as part of the day to day operations of the Company. In 2020 the Company was eligible for the Government Covid Wage Subsidy, which resulted in a cash inflow of \$2,062. The Company also incurred cash outflows relating to the January 2020 event of \$1,075 and legal costs related to its recovery of \$229 and other strategic activities of \$466.		
<i>Depreciation expenses</i>		
Depreciation Property, Plant and Equipment	(775)	(1,058)
Amortisation Intangible Assets	(285)	(665)
Amortisation Right of use Assets	(1,004)	(1,015)
<b>Depreciation &amp; Amortisation Expenses</b>	<b>(2,064)</b>	<b>(2,738)</b>
<i>Interest</i>		
Interest (Cost)/Income	15	(111)
Accretion of Interest for right of use assets	(280)	(203)
<b>Net Finance (Cost)/Income</b>	<b>(265)</b>	<b>(314)</b>
<i>Tax</i>		
Income Tax Expense	(731)	(411)
<b>Net Income Tax Expense</b>	<b>(731)</b>	<b>(411)</b>
<b>Total Comprehensive Income</b>	<b>1,801</b>	<b>1,038</b>

PAE (New Zealand) Limited  
Notes to the Financial Statements  
For The Year Ended 31 December 2020

6 Property, Plant and Equipment

2020	WIP \$000	Building \$000	Plant, equipment and leasehold improvements \$000	Motor Vehicle \$000	Computer Equipment \$000	Furniture & Fittings \$000	Total \$000
Opening balance as at 1 Jan 2020	26	17	494	1,631	140	60	2,368
Additions	(17)	-	62	327	55	21	448
Depreciation charge	-	(2)	(135)	(546)	(84)	(8)	(775)
Disposals	-	-	(2)	(128)	(6)	(2)	(138)
Closing balance as at 31 Dec 2020	9	15	419	1,284	105	71	1,903
Total historical cost	9	31	1,760	5,685	825	141	8,451
Accumulated depreciation	-	(16)	(1,341)	(4,401)	(720)	(70)	(6,548)
Total	9	15	419	1,284	105	71	1,903

2019	WIP \$000	Building \$000	Plant, equipment and leasehold improvements \$000	Motor Vehicle \$000	Computer Equipment \$000	Furniture & Fittings \$000	Total \$000
Opening balance as at 1 Jan 2019	-	13	362	2,123	253	43	2,794
Additions	26	12	294	213	122	25	692
Depreciation charge	-	(2)	(155)	(661)	(234)	(6)	(1,058)
Disposals	-	(6)	(7)	(44)	(1)	(2)	(60)
Closing balance as at 31 Dec 2019	26	17	494	1,631	140	60	2,368
Total historical cost	26	31	1,745	5,892	686	122	8,502
Accumulated depreciation	-	(14)	(1,251)	(4,261)	(546)	(62)	(6,134)
Total	26	17	494	1,631	140	60	2,368

Intangible Assets

2020	Software \$000
Opening balance as at 1 Jan 2020	290
Additions	213
Depreciation charge	(285)
Disposals	(28)
Closing balance as at 31 Dec 2020	190
Total historical cost	1,750
Accumulated amortisation	(1,560)
Total	190

2019	Software \$000
Opening balance as at 1 Jan 2019	706
Additions	249
Depreciation charge	(665)
Disposals	-
Closing balance as at 31 Dec 2019	290
Total historical cost	1,659
Accumulated amortisation	(1,369)
Total	290

PAE (New Zealand) Limited  
Notes to the Financial Statements  
For The Year Ended 31 December 2020

7 Share Capital

As at 31 December 2020, there were 427,000 (2019: 427,000) shares issued and fully paid of \$2.34 each. All shares rank equally with one vote attached to each fully paid share.

8 Related Party Transactions

	2020	2019
	\$000	\$000
PAE Singapore	-	120
PAE LLC	228	-
R.G. Consulting Group	183	-
<b>Total</b>	<b>411</b>	<b>120</b>

2020 - The costs associated with PAE LLC to cover the secondment costs for Head of Finance and DBA Insurance costs for the ASC contract, and R.G. Consulting Group is to cover the secondment costs for Interim CEO early this year.

2019 - These transactions for PAE Singapore all related to the on-charge of the CEO's salary, bonus and travel for his role as CEO, Asia-Pacific.

9 Contingent Liabilities

The company has performance bonds, at the year end, issued by ANZ Bank New Zealand Limited relating to contracts with the New Zealand Defence Force.

	2020	2019
	\$000	\$000
<b>Performance Bonds</b>	<b>2,000</b>	<b>2,000</b>

10 Right-to-Use Assets

	2020	2019	2020	2019
	\$000	\$000	\$000	\$000
	Right-to-Use: Other	Right-to-Use: Other	Right-to-Use: Buildings	Right-to-Use: Buildings
Opening balance as at 1 January 2020	162	83	5,803	6,714
Additions	-	158	76	88
Remeasure	(5)	1	49	-
Disposal	-	(62)	-	-
Depreciation Charge	(28)	(18)	(976)	(998)
<b>Closing balance as at 31 December 2020</b>	<b>129</b>	<b>162</b>	<b>4,952</b>	<b>5,803</b>
<b>Total historical cost</b>	<b>174</b>	<b>179</b>	<b>6,927</b>	<b>6,802</b>
<b>Accumulated depreciation</b>	<b>(45)</b>	<b>(17)</b>	<b>(1,975)</b>	<b>(998)</b>
<b>Total</b>	<b>129</b>	<b>162</b>	<b>4,952</b>	<b>5,803</b>

PAE New Zealand Limited leases premises at Christchurch International Airport, Burnside, Hawera and the Lower Hutt Head Office to service contracts, as well as Head Office operations. Other includes PAE leases ten photocopiers at various sites around the country.

There were no leases with residual value guarantees or leases not yet commenced to which PAE is committed.

PAE (New Zealand) Limited  
Notes to the Financial Statements  
For The Year Ended 31 December 2020

11 Lease Liability

	2020 \$000	2019 \$000
<b>Long-term lease liabilities</b>		
Photocopiers	(95)	(122)
Buildings and offices	(3,912)	(5,472)
<b>Total</b>	<b>(4,007)</b>	<b>(5,594)</b>
<b>Short-term lease liabilities</b>		
Photocopiers	(33)	(29)
Buildings and offices	(1,078)	(427)
<b>Total</b>	<b>(1,111)</b>	<b>(456)</b>
<b>Total Lease Liability</b>	<b>(5,118)</b>	<b>(6,050)</b>

The Company leases various properties, those lease contracts are typically made for fixed period of 2 to 5 years but may have extension periods. Terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Those arrangements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

	2020 \$000	2019 \$000
<b>Opening balance as at 1 Jan 2020</b>	<b>(6,050)</b>	<b>(6,797)</b>
Additions	(76)	(246)
Interest expense related to lease liabilities	(281)	(361)
Revaluation for existing leases	56	
Repayment of lease liabilities including interest expense	1,233	1,354
<b>Closing balance as at 31 Dec 2020</b>	<b>(5,118)</b>	<b>(6,050)</b>

12 Taxation

	2020 \$000	2019 \$000
<b>(a) Components of Income Tax Expense</b>		
Current year tax expense	(678)	(287)
Deferred tax movements		
- Temporary Differences	(52)	(124)
<b>Income tax profit and loss</b>	<b>(731)</b>	<b>(411)</b>
<b>(b) Reconciliation of effective tax rate</b>		
Accounting profit before income tax	2,532	1,449
Income tax using Company tax rate at 28%	(709)	(406)
Expected income tax expense		
<i>Adjustments:</i>		
Prior period adjustments	(22)	(2)
Non-deductible expenses	-	(3)
<b>At the effective income tax rate of 28.9% (2019: 28.1%)</b>	<b>(731)</b>	<b>(411)</b>
<b>(c) Income tax payable</b>		
Opening Balance	221	(165)
Current Year Tax Expense	(678)	(287)
Net tax and RWT paid	480	673
<b>Closing Balance</b>	<b>23</b>	<b>221</b>
<b>(d) Deferred tax on temporary differences</b>		
Opening Balance	228	351
Temporary differences movement	(52)	(123)
<b>Closing deferred tax asset / (liability)</b>	<b>175</b>	<b>228</b>

Deferred tax on unused tax losses is recognised as a deferred tax asset when management consider it probable that future tax profits will be available against which tax losses will be utilised. The company offsets assets and liabilities only if it has a legal enforceable right to off-set current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

There are no income tax consequences attached to the payment of dividends in either 2020 or 2019 by the company to its shareholders.

	2020 \$000	2019 \$000
<b>Reconciliation of movement in temporary differences</b>		
Movements in deferred tax arising from temporary differences can be summarise as follows:		
Movement in employee entitlements	(18)	(103)
Movement in provision for doubtful debts	8	(22)
Movement in depreciation	(18)	14
Movement in other provisions	(25)	(13)
<b>Total deferred tax on temporary differences</b>	<b>(53)</b>	<b>(124)</b>

PAE (New Zealand) Limited  
Notes to the Financial Statements  
For The Year Ended 31 December 2020

	2020	2019
<b>13 Remuneration of Auditor</b>	<b>\$000</b>	<b>\$000</b>
Fee for Auditing Financial Statements	(47)	(46)
Audit Fee overrun for 2019	(14)	-
<b>Total</b>	<b>(61)</b>	<b>(46)</b>

**14 Loans and Borrowings**

The company has an overdraft facility available, which is not in use at the year-end, secured by a first legal charge over the Company assets. The facilities available are:

	2020	2019
	<b>\$000</b>	<b>\$000</b>
Overdraft	1,000	1,000
Drawdown facility	2,000	2,000
<b>Total</b>	<b>3,000</b>	<b>3,000</b>

Facility fees incurred during the year were \$35 (2019: \$33)

	2020	2019
<b>15 Financial Assets at amortised cost</b>	<b>\$000</b>	<b>\$000</b>
Cash & Cash equivalents	5,088	2,785
Trade and Other Receivables	7,027	8,187
Short-term deposit	3,000	-
<b>Total</b>	<b>15,115</b>	<b>10,972</b>

The increase in the cash balance compared to the prior year is being primarily caused by Government clients paying much faster than historically. Short-term deposits are made for between 2 to 6 months, depending on the immediate cash requirements of the Company, and earn interest at the deposit rates. Those 90 days old or less have been included in Cash & Cash Equivalents.

**Financial liabilities at amortised cost**

Trade and other payables	(6,032)	(6,544)
<b>Total</b>	<b>(6,032)</b>	<b>(6,544)</b>

	2020	2019
<b>16 Key Management Compensation</b>	<b>\$000</b>	<b>\$000</b>
Key Management Personnel Compensation	(1,662)	(1,631)
<b>Total</b>	<b>(1,662)</b>	<b>(1,631)</b>

Key management consists of the Chief Executive Officer and Senior Management.

	2020	2019
<b>17 Dividend</b>	<b>\$000</b>	<b>\$000</b>
Dividends declared and paid: \$0 per share (2019: \$4.81766)	-	(2,057)
All dividends are fully imputed.		

**18 Subsequent Events**

In 2020 there are no subsequent events.

In 2019 there was the following subsequent event.

On 6 January 2020, PAE suffered an extraordinary event, resulting in the cash outflow of \$2,711. \$1,636 was recovered from the event, resulting in the net outflow of \$1,075 (as outlined in Note 5). At 31 December 2020, \$116 is expected to be collected in 2021.



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## Independent Auditor's Report

### To the Shareholders of PAE (New Zealand) Limited - Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of PAE (New Zealand) Limited ("the Company") on pages 4 to 14, which comprise the statement of financial position of the Company as at 31 December 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended of the Company, and the notes to the financial statements including a summary of significant accounting policies.

In our opinion, the financial statements on pages 4 to 14 present fairly, in all material respects, the financial position of the Company as at 31 December 2020 and its financial performance and cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime.

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

#### Basis for Opinion

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

We are independent of the Group in accordance with Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Other than in our capacity as auditor we have no relationship with, or interest in, the Company.

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

The directors of the Company are responsible for the Annual Report, which includes information other than the financial statements and auditor's report.

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

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



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

#### **Directors' Responsibilities for the Financial Statements**

The directors are responsible, on behalf of the Company, for the preparation and fair presentation of the financial statements in accordance with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime, and for such internal control as the directors determine is necessary to enable the preparation of 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 on behalf of the Company the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or cease operations, or have no realistic alternative but to do so.

#### **Auditor's Responsibilities for the Audit of the Financial 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 is not a guarantee that an audit conducted in accordance with International Standards on Auditing (New Zealand) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board website: <https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-8/>. This description forms part of our auditor's report.

*Ernst + Young*

Chartered Accountants  
Wellington  
7 May 2021