

# Boeing New Zealand Limited

Financial Statements as of and for the  
Year Ended December 31, 2023

## **BOEING NEW ZEALAND LIMITED**

### **TABLE OF CONTENTS**

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	<b>Page</b>
DIRECTORS' REPORT	1
INDEPENDENT AUDITOR'S REPORT	2-4
FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2023:	
Statement of Profit or Loss and Other Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Notes to the Financial Statements	9-24

## Directors' Report

The Directors present their report on Boeing New Zealand Limited (the "Company") for the financial year ended December 31, 2023.

No disclosure has been made in respect of Section 211 (1)(a) and (e) to (j) of the Companies Act 1993 following a unanimous decision by the sole shareholder in accordance with Section 211 (3) of the Companies Act 1993.

The Directors are responsible for the preparation of financial statements, in accordance with New Zealand law and accounting principles generally accepted, which fairly present the financial position of the Company as of December 31, 2023, and the results of its operations for the year ended on that date.

The Directors consider that the financial statements of the Company have been prepared using accounting policies appropriate to the Company's circumstances, consistently applied and supported by reasonable and prudent judgments and estimates, and that all applicable New Zealand equivalents to International Financial Reporting Standards as appropriate for profit-oriented entities have been followed.

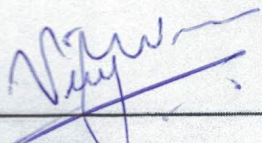
The Directors have responsibility for ensuring that proper accounting records have been kept, which enable, with reasonable accuracy, the determination of the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1993.

The Directors have responsibility for the maintenance of a system of internal control designed to provide reasonable assurances as to the integrity and reliability of financial reporting. The Directors consider that adequate steps have been taken to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The financial statements are dated May 28, 2024 and signed in accordance with a resolution of the Directors made pursuant to Section 211 (1)(k) of the Companies Act 1993.

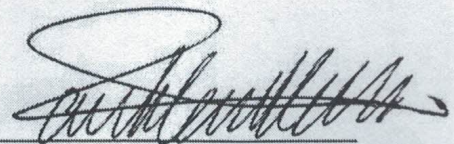
Signed in accordance with a resolution of the Board of Directors:

Director



Vinay Mehndiratta

Director



Lachlan John MCINNES

Dated this 28 day of May 2024

## **Independent Auditor's Report to the Members of Boeing New Zealand Limited**

### **Opinion**

We have audited the financial statements of Boeing New Zealand Limited (the "Entity"), which comprise the statement of financial position as at 31 December 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the Entity's financial position as at 31 December 2023 and its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime ("NZ IFRS RDR").

### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). 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 Entity 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 the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

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

### **Other Information**

The Directors on behalf of the Entity are responsible for the other information. The other information comprises the information included in the Entity's Directors' Report for the year ended 31 December 2023, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of 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 in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, 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.

## Responsibilities of the Directors for the Financial Statements

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

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

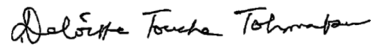
## Auditor's Responsibilities for the Audit of the Financial Statements

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 ISAs (NZ) 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.

As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



DELOITTE TOUCHE TOHMATSU



Chris Biermann  
Partner  
Chartered Accountants  
Melbourne, 28 May 2024

Boeing New Zealand Limited  
As of and for the year ended December 31, 2023

Statement of Profit or Loss and Other Comprehensive Income

	Note	2023 \$	2022 \$
Revenue - goods	5	13,244,076	11,988,826
Revenue - services	5	4,514,842	19,959
Total revenues		<u>17,758,918</u>	<u>12,008,785</u>
Cost of sales - goods		(11,466,042)	(10,793,397)
Cost of sales - services		(4,169,664)	(18,145)
Employee benefit expense	6	(449,195)	(536,302)
Depreciation expense	6	(163,722)	(160,885)
Net foreign exchange gains (losses)	6	(161,245)	1,107,135
Other operating expenses		(341,239)	(1,062,715)
Total operating expenses		<u>(16,751,107)</u>	<u>(11,464,309)</u>
Interest income (expense)	6	790,053	94,411
Profit before income tax		<u>1,797,864</u>	<u>638,887</u>
Income tax benefit (expense)	7	(88,199)	(114,731)
Profit for the year		<u>1,709,665</u>	<u>524,156</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u>1,709,665</u>	<u>524,156</u>

The financial statements should be read in conjunction with the accompanying notes.

Boeing New Zealand Limited  
As of and for the year ended December 31, 2023

Statement of Financial Position

	Note	2023 \$	2022 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	8	40,371,164	28,721,765
Trade and other receivables	9	2,972,635	1,363,351
Inventories	10	3,557,071	3,603,573
Other assets		-	-
<b>TOTAL CURRENT ASSETS</b>		<u>46,900,870</u>	<u>33,688,689</u>
<b>NONCURRENT ASSETS:</b>			
Property, plant, and equipment	11	5,075	13,728
Right-of-use assets	12	678,168	46,441
Deferred tax assets (net)	7	165,831	-
<b>TOTAL NONCURRENT ASSETS</b>		<u>849,074</u>	<u>60,169</u>
<b>TOTAL ASSETS</b>		<u>47,749,944</u>	<u>33,748,858</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES:</b>			
Trade and other payables	13	34,588,830	23,012,281
Lease liabilities	18	146,585	50,842
Deferred tax liabilities (net)	7	-	56,548
Provisions	14	206,382	102,901
<b>TOTAL CURRENT LIABILITIES</b>		<u>34,941,797</u>	<u>23,222,572</u>
<b>NONCURRENT LIABILITIES:</b>			
Lease liabilities	18	572,196	-
Other Long term liabilities		-	-
<b>TOTAL NONCURRENT LIABILITIES</b>		<u>572,196</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>		<u>35,513,993</u>	<u>23,222,572</u>
<b>NET ASSETS</b>		<u>12,235,951</u>	<u>10,526,286</u>
<b>EQUITY:</b>			
Issued capital	15	30,000	30,000
Retained earnings	16	12,205,951	10,496,286
<b>TOTAL EQUITY</b>		<u>12,235,951</u>	<u>10,526,286</u>

The financial statements should be read in conjunction with the accompanying notes.

Boeing New Zealand Limited  
As of and for the year ended December 31, 2023

Statement of Changes in Equity

2023

	Issued Capital \$	Retained Earnings \$	Total \$
Balance at January 1, 2023	30,000	10,496,286	10,526,286
Profit for the year	-	1,709,665	1,709,665
Balance at December 31, 2023	<u>30,000</u>	<u>12,205,951</u>	<u>12,235,951</u>

2022

	Issued Capital \$	Retained Earnings \$	Total \$
Balance at January 1, 2022	30,000	9,972,130	10,002,130
Profit for the year	-	524,156	524,156
Balance at December 31, 2022	<u>30,000</u>	<u>10,496,286</u>	<u>10,526,286</u>

The financial statements should be read in conjunction with the accompanying notes.

Boeing New Zealand Limited  
As of and for the year ended December 31, 2023

Statement of Cash Flows

	Note	2023 \$	2022 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net profit attributable to members of the entity		1,709,665	524,156
Cash flows excluded from profit attributed to operating activities			
Non-cash flows in profit:			
- Bad and doubtful debts expenses		25,672	-
- Allowance for slow-moving inventories		44,063	-
- Depreciation		163,722	160,885
- Interest on Lease Liability		38,822	3,164
- Interest income		(828,874)	(97,575)
- Unrealised foreign exchange (gains) losses		161,245	(1,107,135)
<b>OPERATING CASHFLOWS BEFORE WORKING CAPITAL MOVEMENTS</b>		<b>1,314,315</b>	<b>(516,505)</b>
Changes in assets and liabilities:			
- Decrease in trade and other receivables		(1,634,955)	4,498,778
- (Increase) decrease in inventories		2,439	(144,136)
- (Increase) decrease in deferred tax assets		(165,831)	48,059
- Increase (decrease) in deferred tax liabilities		(56,548)	130,900
- Increase (decrease) in trade and other payables		11,576,548	6,450,038
- Increase (decrease) in provision		103,481	26,348
Cash flows from operations		<u>11,139,449</u>	<u>10,493,482</u>
Income Tax refunded		-	740,745
Net Cash flow from operating activities		<u>11,139,449</u>	<u>11,234,227</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest earned, net		<u>828,874</u>	<u>97,575</u>
Net cash provided (used in) investing activities		<u>828,874</u>	<u>97,575</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Lease payments		(118,857)	(174,387)
Interest on lease		(38,822)	(3,164)
Net cash used in financing activities		<u>(157,679)</u>	<u>(177,551)</u>
Effect of exchange rate changes on cash		(161,245)	1,107,135
Net increase (decrease) in cash and cash equivalent		11,810,644	11,154,251
Cash and cash equivalents at beginning of year		28,721,765	16,460,379
Cash and cash equivalents at end of year	8	<u>40,371,164</u>	<u>28,721,765</u>

The financial statements should be read in conjunction with the accompanying notes.

## Notes to the Financial Statements

### 1 Statement of Compliance

The principal activity of Boeing New Zealand Limited ("Boeing NZ" or the "Company") is supplying parts to the aviation industry. Boeing NZ is a profit-oriented entity.

The Company's immediate parent entity is Boeing Distribution Inc. (incorporated in the United States of America), which at December 31, 2023, owns 100% (2022: 100%) of the issued ordinary shares of the Company. The Company's ultimate parent entity is The Boeing Company (incorporated in the United States of America), which at December 31, 2023, owns 100% (2022: 100%) of the issued ordinary shares of Boeing Distribution Inc.

These financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand. They comply with New Zealand International Financial Reporting Standards (NZ-IFRS) Reduced Disclosure Regime (NZ-IFRS RDR).

The Company qualifies for NZ-IFRS RDR as it does not have public accountability and is not a large for-profit public sector entity. The Company has elected to apply NZ-IFRS RDR and has applied disclosure concessions.

The Company is a limited liability company incorporated and domiciled in New Zealand. The address of its registered office is Unit 2/17 Airpark Dr. Airport Oaks Auckland, 2022, New Zealand.

These financial statements have been approved for issuance by the board of directors on May 28, 2024.

### 2 Basis of Preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

#### *Statutory base*

Boeing NZ is a company registered under the Companies Act 1993.

The financial statements have been prepared in accordance with the requirements of the Companies Act 1993.

#### *Historical cost convention*

These financial statements have been prepared on the historical cost basis.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability if market participants would

take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of NZ-IFRS 2 - *Share-Based Payments*; leasing transactions that are within the scope of NZ-IFRS 16 - *Leases*; and measurements that have some similarities to fair value, but are not fair value, such as net realisable value in NZ-IAS 2 - *Inventories*, or value in use in NZ-IAS 36 - *Impairment of Assets*.

### **3 Summary of Significant Accounting Policies**

#### **(a) Income Tax**

##### *Current Tax*

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable). The tax payable amount is presented in the statement of financial position line named trade and other payables.

##### *Deferred tax*

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from difference between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary difference or unused tax losses and tax offsets can be utilized. However, deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities (other than as a result of a business combination) in a transaction that affects neither taxable income nor accounting profit.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled based on tax rate (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax asset and liabilities reflects the tax consequences that would follow from the manner in which the entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset where there is a legal right to set off and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

Current and deferred tax is recognised as income or an expense and included in profit or loss, respectively, for the period, except where the tax arises from a

transaction that is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity, respectively.

## **(b) Revenue**

Revenue from contracts with customers.

Under NZ-IFRS 15, *Revenue from Contracts with Customers*, the Company recognises revenue when (or as) a performance obligation is satisfied. The revenue recognition method used by the Company for the sale of goods is point in time.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

For the sale of goods, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A trade receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due).

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related goods or services to the customer).

## **(c) Property, plant, and equipment**

Property, plant, and equipment are stated at cost, less accumulated depreciation. Depreciation is provided from the date an asset becomes operational using the straight-line method to write off the cost over its estimated useful lives. The estimated useful lives range from 5 to 10 years.

## **(d) Goods and Services Tax (GST)**

Revenues, expenses, and assets are recognised net of the amount of GST, except:

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

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

## **(e) Inventories**

Inventories are measured at the lower of cost and net realisable value. Net realisable value represents estimated selling price, less all estimated cost of completion and costs to be incurred in marketing, selling, and distribution. Cost has been determined on a weighted-average cost basis.

Management of the Company determines whether an allowance for obsolescence, slow-moving inventories or for any shortfall in net realisable value of inventories is required by reviewing the inventory listing on a periodic basis. The review involves a comparison of the carrying value of the inventory items with the respective net realisable value as well as the forecasted demand for the inventories. Arising from the review, management of the Company sets up the necessary allowance. The carrying amount of the Company's inventories is composed entirely of finished goods.

## **(f) Financial Instruments**

### **Financial Assets**

#### *Recognition, initial measurement, and derecognition*

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss (FVPL), which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities is described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, canceled, or expires.

#### *Classification and subsequent measurement of financial assets*

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with NZ-IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- Amortised cost
- FVPL
- Equity instruments at fair value through other comprehensive income (FVOCI)
- debt instruments at FVOCI

Classifications are determined by both:

- The entities business model for managing the financial asset and
- The contractual cash flow characteristics of the financial assets.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within interest income (expense), except estimated credit loss on trade receivable, which is presented within other operating expenses.

*Subsequent measurement financial assets*

*Financial assets at amortised cost*

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- They are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- The contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

The entity's cash and cash equivalents, trade and other receivables fall into this category of financial instruments.

*Other categories:*

The entity has no financial assets at FVPL, equity instruments at FVOCI (Equity FVOCI), or debt instruments at FVOCI (Debt FVOCI).

*Impairment of financial assets*

The Company recognises a loss allowance for expected credit losses (ECLs) on trade receivables and contract assets. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables, and contract assets. For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. Otherwise, the Company measures the loss allowance at an amount equal to 12 months ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Company considers information available without undue cost or effort, including historical loss rates for each counterparty and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the counterparty to settle the receivables.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the company in accordance with the contract and all cash flows that the Company expects to receive, discounted at the original effective interest rate.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12 months ECL at the current reporting date.

### **Financial liabilities**

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs, unless the Company designated a financial liability at FVPL. Subsequently, financial liabilities are measured at amortised cost using the effective interest method. All interest-related charges are reported in profit or loss are included within interest income (expense).

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, canceled, or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

### **(g) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, demand deposits, and short-term investments, which are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

### **(h) Employee benefits**

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of other long-term benefits are measured at the present value of the estimated future cash outflows expected to be made by the company in respect of services provided by employees up to the reporting date.

Payments to defined contribution retirement plans are recognised as an expense when employees have rendered service entitling them to the contributions.

### **(i) Foreign currency transactions and balances**

#### *(i) Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in New Zealand dollars (NZD), which is the entity's functional and presentation currency.

#### *(ii) Transactions*

Transactions denominated in a foreign currency are converted to NZD at the exchange rates in effect at the date of the transaction.

Nonmonetary assets and liabilities carried at fair values that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

Monetary assets and liabilities arising from trading transactions or overseas borrowings that remain unsettled at balance sheet date are translated at closing rates at balance sheet date.

Exchange differences are recognised in profit or loss in the period in which they arise.

#### **(j) Payables**

Trade payables and other accounts payable are recognised when the Company becomes obliged to make future payments resulting from the purchase of goods and services. Accrued expenses are also included in the trade and other payables line of the statement of financial position.

#### **(k) Going Concern**

Whilst the depth and duration of the impacts from COVID-19 remain uncertain, the directors have adopted the going-concern basis of preparation, supported by the following considerations:

- The entity has a transfer pricing arrangement in place, which requires the business to generate a level of profit proportionate to its revenue annually.
- The entity has no external borrowings, with creditors principally comprising related parties from whom the entity sources inventory and enters into other business transaction in the ordinary course of business.

With reference to these considerations, and the expected future performance of the entity, the directors are satisfied that the company will be able to meet its debts as and when they fall due based on current market and economic conditions.

#### **(l) Leases**

The entity assesses at contract inception whether a contract is, or contains, a lease. The entity recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the entity recognises the lease payments as an operating expense on a straight-line basis over the term of the lease, unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

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. The right-of-use asset is assessed for impairment in accordance with the impairment of assets accounting policy.

At the commencement date of the lease, the entity recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments), less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

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

The Entity determines the lease term as the noncancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. After the commencement date, the Entity reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

#### **(m) New Accounting Standards and Interpretations**

In the current year, there are no new and amended standards and interpretations that have a significant impact on these financial statements.

#### **4 Critical accounting judgments and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in Note 3, the directors of the Company are required to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities.

The key estimates and judgements for the entity principally relate to:

- Measurement of net realisable value for inventory
- Measurement of ECLs for trade receivables
- Measurement of taxation payable
- The application of transfer pricing arrangements

## 5 Revenue and Other Income

	2023	2022
	\$	\$
Revenue:		
Sale of goods	13,244,076	11,988,826
Sale of services	4,514,842	19,959
Total revenue	<u>17,758,918</u>	<u>12,008,785</u>
Other income:		
Interest earned on Term Deposit	828,874	97,575
Total other income	<u>828,874</u>	<u>97,575</u>

## 6 Result for the year

	2023	2022
	\$	\$
Profit before income tax includes:		
Employee benefit expense:		
Salaries and wages	373,806	471,582
Other benefits	75,389	64,721
	<u>449,195</u>	<u>536,302</u>
Depreciation:		
Property, plant, and equipment	8,653	21,561
Right-of-use assets	155,069	139,324
	<u>163,722</u>	<u>160,885</u>
Net foreign exchange losses / (gains)	161,245	(1,107,135)
Doubtful debts expense / (recovery)	25,672	(12,951)
Interest:		
Lease interest expense	38,822	3,164
Total interest expense	<u>38,822</u>	<u>3,164</u>

## 7 Income Tax

(a) The major components of tax expense comprise:

	2023	2022
	\$	\$
Current tax	303,408	-
Deferred tax	211,700	178,889
Adjustments in respect of prior years	(426,909)	(64,158)
	<u>88,199</u>	<u>114,731</u>

(b) Reconciliation of income tax to accounting profit:

	2023	2022
	\$	\$
Profit for the year	1,780,793	638,887
Prima facie tax payable on profit before income tax at 28% (2022: 28%)	489,275	178,889
Tax effect of:		
- Loss of asset disposal	-	-
- Adjustments in respect of prior years <sup>(1)</sup>	(426,909)	(64,158)
- Nondeductible expenses	-	-
- Unrealized FX	25,834	-
Income tax expense	<u>88,199</u>	<u>114,731</u>

Imputation credits available: \$ 2,660,107 (2022: \$2,660,107).

<sup>(1)</sup> Includes utilisation of carry forward tax losses that were not recognised as a deferred tax asset.

(c) Deferred tax balances

	2023	2022
	\$	\$
Provisions	109,663	72,358
Property, plant, and equipment	5,845	6,805
Leases	11,372	1,232
Accruals	5,276	5,276
Unrealised foreign exchange gain	-	(285,106)
Tax losses	-	126,283
Bad Debts	11,195	-
Others	22,480	16,604
Balance at December 31, 2023	<u>165,831</u>	<u>(56,548)</u>

## 8 Cash and cash equivalents

	2023 \$	2022 \$
Cash at bank	40,371,164	28,721,765
	<u>40,371,164</u>	<u>28,721,765</u>

## 9 Trade and other receivables

	Note	2023 \$	2022 \$
Trade receivables		1,527,435	934,048
Related-party receivables	21	1,485,183	443,614
Tax receivable		-	-
Other receivables		-	-
Allowance for expected credit loss		<u>(39,983)</u>	<u>(14,311)</u>
Total current trade and other receivables		<u>2,972,635</u>	<u>1,363,351</u>

## 10 Inventories

	2023 \$	2022 \$
Finished goods	3,742,343	3,744,782
Provision for obsolescence	<u>(185,272)</u>	<u>(141,209)</u>
	<u>3,557,071</u>	<u>3,603,573</u>

## 11 Property, plant, and equipment

	2023	2022
	\$	\$
Plant and equipment:		
At cost	43,500	43,500
Accumulated depreciation	<u>(38,425)</u>	<u>(34,075)</u>
Total plant and equipment	<u>5,075</u>	<u>9,425</u>
Furniture, fixtures, and fittings:		
At cost	151,472	151,472
Accumulated depreciation	<u>(151,472)</u>	<u>(151,472)</u>
Total furniture, fixtures, and fittings	<u>-</u>	<u>-</u>
Computer equipment:		
At cost	64,684	64,684
Accumulated depreciation	<u>(64,684)</u>	<u>(60,381)</u>
Total computer equipment	<u>-</u>	<u>4,303</u>
Communication equipment – satellite:		
At cost	-	-
Accumulated depreciation	<u>-</u>	<u>-</u>
Total communication equipment	<u>-</u>	<u>-</u>
Total property, plant, and equipment	<u>5,075</u>	<u>13,728</u>

During the year, the Company had no property, plant, and equipment additions (2022 - Nil).

## 12 Right-of-Use Assets

	2023	2022
	\$	\$
Office space:		
At cost	1,390,533	603,737
Accumulated depreciation	<u>(712,365)</u>	<u>(557,296)</u>
Total office spaces	<u>678,168</u>	<u>46,441</u>

### 13 Trade and other payables

		2023	2022
	Note	\$	\$
Trade payables and other payables		2,564,627	961,745
Taxes Payable	7	303,408	-
Related-party payables	21	31,720,795	22,050,536
		<u>34,588,830</u>	<u>23,012,281</u>

The related-party payable increased mainly due to the timing of intercompany payments for inventory. These transactions are with Boeing Distribution Inc.

### 14 Provisions

	2023	2022
	\$	\$
Provision for employee benefits	206,382	102,901
	<u>206,382</u>	<u>102,901</u>

### 15 Issued Capital

	2023	2022
	\$	\$
30,000 fully paid ordinary shares	<u>30,000</u>	<u>30,000</u>

### 16 Retained Earnings

	2023	2022
	\$	\$
Beginning of the financial year	10,496,286	9,972,130
Net profit attributable to members of the entity	1,709,665	524,156
End of the financial year	<u>12,205,951</u>	<u>10,496,286</u>

No dividends were declared or distributed during the year (2022: NIL).

### 17 Capital and leasing commitments

#### *Capital commitments*

As at December 31, 2023, the Company had no capital commitments (2022: NIL).

## 18 Lease Liabilities

	2023	2022
	\$	\$
Office space:		
Current	146,585	50,842
Noncurrent	572,196	-
	<u>718,781</u>	<u>50,842</u>

## 19 Financial Instruments

### *Capital Risk Management*

The Company manages its capital to ensure that it will be able to continue as a going concern, while maximizing the return to shareholders through the optimization of the debt and equity balance.

The Company's financial assets are cash and trade receivables.

The Company's financial liabilities are trade and other payables, classified as financial liabilities at amortised cost.

There are no externally imposed capital requirements on the Company.

The following table combines information about:

- Classes of financial instruments based on their nature and characteristics,
- The carrying amounts of financial instruments,
- Fair values of financial instruments (except financial instruments when carrying amount approximates their fair value), and
- Fair value hierarchy levels of financial assets and financial liabilities for which fair value was disclosed.

	Carrying Value		Fair Value	
	2023	2022	2023	2022
Cash and bank balance	40,371,164	28,721,765	40,371,164	28,721,765
Trade and other receivables	2,972,635	1,363,351	2,972,635	1,363,351
Trade and other payables	34,588,830	23,012,281	34,588,830	23,012,281
Lease liabilities	718,781	50,842	718,781	50,842

### *Credit risk*

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts of those assets, as disclosed in the statement of financial position, and notes to the financial statements.

## 20 Contingencies

As at December 31, 2023, the Company had no contingent liabilities (2022: Nil).

## 21 Related-Party Transactions

The Company had transactions with the following related parties during the year:

Entity	Receivable (Note 9) \$	Payable (Note 13) \$	Purchases \$	Other income (charges) \$
<b>2023</b>				
Aviall Australia Pty Ltd	-	399,360	418,032	-
Boeing Distribution, Inc.	-	7,122,292	7,816,554	-
Boeing Distribution Deutschland GmbH	9,534	-	-	-
Aviall Canada Pte Ltd	-	29,420	-	-
Aviall Airstocks Ltd (Hong Kong)	1,774	-	-	-
Aviall Singapore Pte Ltd	-	156,200	-	-
Aviall Japan Ltd	223	-	-	-
Aviall UK Ltd	-	232,162	-	-
BCSS	228	-	-	-
The Boeing Company	-	11,096,428	-	1,586,255
Boeing Global Svces Commercial	-	12,085,738	-	-
Boeing Defence Australia Ltd	1,473,420	599,195	-	2,928,587
Jeppesen Canada Ltd	4	-	-	-
<b>Balance sheet totals</b>	<b><u>1,485,183</u></b>	<b><u>31,720,795</u></b>		
<b>2022</b>				
Aviall Australia Pty Ltd	-	434,262	475,300	-
Boeing Distribution, Inc.	-	6,976,882	6,953,251	-
Aviall Canada Pte Ltd	-	52,378	-	-
Aviall Airstocks Ltd (Hong Kong)	764	-	-	-
Aviall Singapore Pte Ltd	-	43,649	-	-
Aviall Japan Ltd	2,175	-	-	-
Aviall UK Ltd	-	79	-	-
BCSS	-	44,944	-	-
The Boeing Company	-	1,889,066	-	-
Boeing Global Svces Commercial	-	12,609,277	-	-
Boeing Defence Australia Ltd	440,671	-	-	384,620
Jeppesen Canada Ltd	4	-	-	-
<b>Balance sheet totals</b>	<b><u>443,614</u></b>	<b><u>22,050,536</u></b>		

In the normal course of business, the Company will source inventory items from Boeing Distribution Inc., Aviall Australia Pty Ltd to facilitate third-party sales. Also, secondment cost from The Boeing Company and Boeing Defense Australia has been

rebilled to them, as per the agreement. As a result, the Company has intercompany balances with these entities.

Amounts receivable from/payable to related parties are payable on demand and noninterest bearing. Inventory purchases and other transactions with related parties are conducted on arm's-length terms.

***Compensation of key management personnel***

The remuneration of directors and other members of key management personnel during the year 2023 was nil (2022: nil). The directors do not draw any remuneration separately as directors but drawn salary during 2023 was nil (2022: NZ\$ 144,169) as employees.