

Notes to and forming part of the financial statements

Overview

Airservices is an Australian Government owned for-profit entity. The financial statements are required by section 42 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and are general purpose financial statements for the year ended 30 June 2024.

The financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and Financial Reporting Rules (FRR) made under the PGPA Act.

The financial statements were authorised for issue in accordance with a resolution of the Board on 3 October 2024.

Significant matters in the current reporting period

Going concern

The financial statements have been prepared on a going concern basis which assumes Airservices will be able to realise its assets and discharge its liabilities in the normal course of business. For the financial year ended 30 June 2024, Airservices reported a net loss of \$162m, working capital deficiency of \$99.8m and negative operating cashflow position of \$38.4m. Nevertheless, the Board consider Airservices to be a going concern and able to meet its debts and obligations as they fall due, on the following basis:

- Continued increase to passenger servicing capacities with Airways revenues approximately 92% of pre-COVID levels, with domestic services averaging 97% and international services averaging 87% of pre-COVID revenues over the 12 months.
- Cash and cash equivalents of \$323.2m and a positive net asset position of \$666.7m. In addition, Airservices has several short and long-term debt facility arrangements which will provide the ability to balance our short- and long-term funding needs. Total unused debt facilities at 30 June 2024 were \$767m, refer to Note 3.4 'Standby arrangements and unused credit facilities' for further details.

- Support from our portfolio department - the Department of Infrastructure, Transport, Regional Development, Communications, and the Arts. No government support was received in the current year, in 2022-23, the portfolio Department provided a \$495m equity injection as a part of the government's assistance towards the recovery of the industry.

No adjustments have been made to the financial statements relating to the recoverability and classification of the recorded asset amounts or the amounts and classification of liabilities that might be necessary should Airservices not continue as a going concern.

Basis of preparation

Historical cost convention

These financial statements have been prepared on an accrual basis and under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit and loss, and certain classes of property, plant and equipment.

Compliance with IFRS

The financial statements comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Notes to and forming part of the financial statements

Foreign currency translation

Functional and presentation currency

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

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation. Translation differences on financial assets and liabilities carried at fair value, and non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are reported as part of the fair value gain or loss.

Taxation

Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST) is applicable to Airservices. Refer to Note 1.3 Taxation for further information relating to income tax.

Use of estimates, assumptions, and judgements

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the following notes:

Recoverability of trade and other receivables	Note 2.1
Valuation of property, plant, equipment and intangibles	Note 2.3
ARFF decontamination provision	Note 2.5
Recoverable amount of other financial assets	Note 2.6
Measurement of lease liabilities	Note 2.7
Long service leave & early retirement benefits	Note 4.1
Aviation Super defined benefits	Note 4.2
ARFF contingent liability	Note 5.1

New Accounting Standards

Adoption of new Australian Accounting Standard requirements

There are no new standards that were issued prior to the sign-off date and are applicable to the current reporting period that had a material effect, nor any that are expected to have a future material effect on the entity's financial statements. No accounting standard has been adopted earlier than the application date as stated in the standard.

Comparative figures

Where necessary, comparative information has been reclassified to enhance comparability in respect of changes in presentation adopted in the current year.

Reclassification - Prior period error: Labour hire expenses have been reclassified from employee to suppliers to correctly reflect the requirements of AASB 119. The reclassification has no impact on the operating result and statement of financial position.

Account	Previously reported	Adjustment	Restated
Employee expenses	\$681,767	(\$35,440)	\$646,326
Supplier expense	\$357,116	\$35,440	\$392,557
Cash used - employees	\$658,232	(\$35,440)	\$622,792
Cash used - suppliers	\$351,268	\$35,440	\$386,708