

## 2. Our Asset Base

This section analyses Airservices Australia's assets used to generate financial performance and the operating liabilities incurred as a result. Employee-related information is disclosed in the Our People section.

### 2.1 Receivables

	2019 \$'000	2018 \$'000
<b>Trade and other receivables</b>		
Trade receivables (a)	<b>124,854</b>	122,701
Less impairment loss allowance (b)	<b>(2,278)</b>	(3,416)
	<b>122,576</b>	119,285
Accrued revenue and interest	<b>3,908</b>	2,689
Other receivables	<b>178</b>	462
<b>Total current receivables</b>	<b>126,662</b>	122,436
<b>(a) Ageing analysis of trade receivables</b>		
Current	<b>95,781</b>	98,851
<b>Overdue by:</b>		
1 to 30 days	<b>25,688</b>	20,177
31 to 60 days	<b>1,524</b>	790
61 to 90 days	<b>881</b>	603
90 + days	<b>980</b>	2,280
<b>Total trade receivables</b>	<b>124,854</b>	122,701
<b>Trade and other receivables (net) expected to be recovered</b>		
No more than 12 months	<b>124,854</b>	122,701
More than 12 months	-	-
<b>Total trade and other receivables (net)</b>	<b>124,854</b>	122,701
<b>(b) Reconciliation of the impairment loss allowance</b>		
Opening balance	<b>3,416</b>	1,958
Increase recognised in net profit	<b>(1,138)</b>	1,458
Closing balance	<b>2,278</b>	3,416
The provision for impairment of receivables is aged as follows:		
Current	<b>151</b>	163
<b>Overdue by:</b>		
1 to 30 days	<b>356</b>	149
31 to 60 days	<b>283</b>	182
61 to 90 days	<b>390</b>	247
90 + days	<b>1,098</b>	2,675
<b>Total provision for impairment of receivables</b>	<b>2,278</b>	3,416

Credit terms for goods and services are 28 days.

## 2.2 Assets classified as held for sale

Two land assets have been identified as surplus to the requirements of Airservices and have been classified as assets held for sale. Disposal is expected to be completed within the 2019–20 financial year. The carrying amount of the asset amounts is \$3.3m (30 June 2018: \$nil).

## 2.3 Property, plant and equipment and intangibles

### Non-current assets – property, plant, equipment and intangibles

	Land \$'000	Buildings \$'000	Plant and equipment \$'000
<b>As at 1 July 2018</b>			
Gross book value	49,547	399,040	761,112
Accumulated depreciation and impairment	-	(25,516)	(215,059)
<b>Net book value 1 July 2018</b>	<b>49,547</b>	<b>373,524</b>	<b>546,053</b>
Additions	-	9,700	65,590
Revaluations	(3,605)	3,027	10,967
Impairments – recognised in profit and loss	-	(66)	(247)
Impairments – recognised in other comprehensive income	-	-	(67)
Commissioned assets under construction	-	-	-
Depreciation/amortisation expense	-	(32,225)	(87,665)
Transfers	-	-	-
Disposals – other	(16,720)	(1,255)	(1,299)
Transferred to assets held for sale	(3,272)	-	-
<b>Net book value 30 June 2019</b>	<b>25,950</b>	<b>352,705</b>	<b>533,332</b>
<b>Net book value as of 30 June 2019 represented by:</b>			
Gross book value	25,950	410,144	731,775
Accumulated depreciation and impairment	-	(57,439)	(198,443)
	<b>25,950</b>	<b>352,705</b>	<b>533,332</b>

<sup>1</sup> Total Assets under Construction includes \$188.59m of intangible assets which is mainly comprised of the OneSKY – Civil Military Air Traffic Control System and \$62.0m of property, plant and equipment.

Total property, plant and equipment \$'000	Internally developed software \$'000	Other intangible assets \$'000	Total intangibles \$'000	Assets under construction \$'000	Total \$'000
1,209,699	321,254	86,594	407,848	219,061	1,836,608
(240,575)	(235,687)	(80,993)	(316,680)	-	(557,255)
969,124	85,567	5,601	91,168	219,061	1,279,353
75,290	28,266	52	28,318	145,677	249,285
10,389	-	-	-	-	10,389
(313)	(2,631)	(78)	(2,709)	(3,383)	(6,405)
(67)	-	-	-	-	(67)
-	-	-	-	(101,452)	(101,452)
(119,890)	(18,932)	(2,828)	(21,760)	-	(141,650)
-	-	-	-	-	-
(19,274)	(330)	(57)	(387)	-	(19,661)
(3,272)	-	-	-	-	(3,272)
911,987	91,940	2,690	94,630	259,903	1,266,520
1,167,869	344,675	83,301	427,976	259,903	1,855,748
(255,882)	(252,735)	(80,611)	(333,346)	-	(589,228)
911,987	91,940	2,690	94,630	259,903	1,266,520

## Non-current assets – property, plant, equipment and intangibles

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	Land \$'000	Buildings \$'000	Plant and equipment \$'000
<b>As at 1 July 2017</b>			
Gross book value	51,127	358,257	713,481
Accumulated depreciation and impairment	-	(16,619)	(136,430)
<b>Net book value 1 July 2017</b>	<b>51,127</b>	<b>341,638</b>	<b>577,051</b>
Additions – internally developed	-	-	14,031
Revaluations	(505)	2,521	(2,069)
Impairments – recognised in profit and loss	-	-	-
Impairments – recognised in other comprehensive income	(95)	-	-
Commissioned assets under construction	-	60,194	49,003
Depreciation/amortisation expense	-	(30,334)	(89,910)
Transfers	-	(85)	85
Disposals – other	(980)	(410)	(2,138)
<b>Net book value 30 June 2018</b>	<b>49,547</b>	<b>373,524</b>	<b>546,053</b>
<b>Net book value as of 30 June 2018 represented by:</b>			
Gross book value	49,547	399,040	761,112
Accumulated depreciation and impairment	-	(25,516)	(215,059)
	49,547	373,524	546,053

<b>Total property, plant and equipment \$'000</b>	<b>Internally developed software \$'000</b>	<b>Other intangibles assets \$'000</b>	<b>Total intangibles \$'000</b>	<b>Assets under construction \$'000</b>	<b>Total \$'000</b>
1,122,865	316,511	85,559	402,070	209,097	1,734,032
(153,049)	(212,754)	(77,508)	(290,262)	-	(443,311)
969,816	103,757	8,051	111,808	209,097	1,290,721
14,031	-	-	-	128,916	142,947
(53)	-	-	-	-	(53)
-	-	-	-	(3,260)	(3,260)
(95)	-	-	-	-	(95)
109,197	4,761	1,734	6,495	(115,692)	-
(120,244)	(22,951)	(4,055)	(27,006)	-	(147,250)
-	-	-	-	-	-
(3,528)	-	(129)	(129)	-	(3,657)
969,124	85,567	5,601	91,168	219,061	1,279,353
1,209,699	321,254	86,594	407,848	219,061	1,836,608
(240,575)	(235,687)	(80,993)	(316,680)	-	(557,255)
969,124	85,567	5,601	91,168	219,061	1,279,353

### (a) Revaluation of land, buildings, plant and equipment

The valuation basis for land, buildings, plant and equipment is fair value as outlined in Note 2.4.

Airservices engaged accredited valuers Jardine Lloyd Thompson Pty Ltd (JLT) to value its land and buildings (Jones Lang LaSalle (JLL) Australia were used for the previous year). The effective date of the revaluation was 30 June 2019.

### (b) Contractual commitments for the acquisition of property, plant, equipment and intangible assets

Capital commitments for property, plant, equipment and intangibles was \$42.1m (2018: \$24.8m). Capital commitments include GST where relevant.

In addition, Airservices entered into a contract during the year with Thales for the provision of CMATS – the Civil Military Air Traffic Control System which will integrate civil and military air traffic management into one harmonised system. The total cost is expected to be in the order of \$1.2bn, with capital commitments at 30 June 2019 of \$1.1bn.

### (c) Impairment

In line with accounting standards, management has performed an impairment review of both existing assets and assets under construction. Principally, the review has focused on future use of existing assets, and changes in technology and business system requirements.

### (d) Carrying amounts that would have been recognised if land, plant and equipment were measured using the cost model:

	<b>2019</b>	2018
	<b>\$'000</b>	\$'000
<b>Land</b>		
At cost	<b>2,271</b>	2,271
	<b>2,271</b>	2,271
<b>Buildings</b>		
At cost	<b>565,340</b>	556,792
Accumulated depreciation	<b>(249,283)</b>	(229,986)
Net book amount	<b>316,057</b>	326,806
<b>Plant and Equipment</b>		
At cost	<b>1,357,994</b>	1,309,050
Accumulated depreciation	<b>(786,567)</b>	(719,180)
Net book amount	<b>571,427</b>	589,871

### (e) Borrowing Costs

The amount of borrowing costs capitalised during the year ended 30 June 2019 was \$5.1m (2018: \$4.5m). As Airservices borrows money generally to fund both operating and capital expenditure, the weighted average cost of borrowings of 3.71% (2018: 3.73%) was used as the capitalisation rate.

## Accounting Policy

### ***Asset recognition threshold***

Purchases of property, plant and equipment are recognised initially at cost in the Statement of Financial Position, except for purchases less than \$5,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

### ***Cost and valuation***

Property, plant and equipment are measured at cost or at fair value, less, where applicable, accumulated depreciation and any accumulated impairment losses.

Assets purchased by Airservices are initially recorded at cost and represent costs directly attributable to the acquisition. Labour and direct overheads incurred in installation are capitalised and added to the cost. Assets constructed by Airservices are initially recognised at the cost of materials, labour, direct overheads and borrowing costs incurred on qualifying assets.

All costs associated with repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

### ***Revaluations***

Following initial recognition at cost, property, plant and equipment are carried at a re-valued amount which is the fair value at the date of the revaluation. Independent valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the asset's fair value at the reporting date. Revaluations are conducted by an independent qualified valuer.

Any revaluation surplus is credited to the asset revaluation reserve included in the equity section of the Statement of Financial Position unless it reverses a revaluation decrease of the same asset previously recognised in the Statement of Comprehensive Income, in which case the increase is recognised in profit or loss. Any revaluation deficit is recognised in the Statement of Comprehensive Income, except that a decrease offsetting a previous surplus for the same asset is debited directly to the asset revaluation reserve to the extent of the credit balance existing in the revaluation reserve for that asset. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the re-valued amount of the asset. The revaluation surplus is accounted for net of deferred tax in the asset revaluation reserve.

Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

### ***Derecognition and disposal***

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising from de-recognition, calculated as the difference between net disposal proceeds and carrying value, is included in the Statement of Comprehensive Income in the year the asset is derecognised.

### ***Impairment of non-financial assets***

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable, and, as a minimum, at least annually. All assets were assessed for impairment as at 30 June 2019.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which it belongs. If any impairment indication exists, and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

### **Recoverable amount of non-current assets**

All assets are subjected to impairment tests at each reporting date. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made. Where the carrying amount exceeds the recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for each asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash flows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a market-determined risk adjusted discount rate.

### **Depreciation**

Depreciable property, plant and equipment are written-off to their estimated residual values over their estimated useful lives to Airservices, using in all cases, the straight-line method of depreciation.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives.

	2019	2018
Buildings (e.g. control towers, fire stations, commercial property)	10–40 years	10–40 years
Infrastructure, plant and equipment (e.g. airways technical equipment, fire vehicles)	3–20 years	3–20 years

### **Spares**

Asset-specific spare parts (repairable spares) have been treated as plant and equipment and depreciated over the useful life of the parent asset to which they are related.

### **Decommissioning and site rehabilitation**

Where Airservices has an obligation to incur site rehabilitation costs and the requirements outlined below in Note 2.5 other provisions and payables, have been met, the estimated cost to 'make good' the site has been recorded as a provision.

The net present value of the obligation is measured using the 10 year corporate bond rate at 30 June each year.

### **Intangible assets**

Intangible assets acquired separately are initially measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and impairment losses. Where amortisation is charged on assets with finite lives, this expense is taken to the Statement of Comprehensive Income. Software is amortised on a straight-line basis over 3-10 years.

Research costs associated with in-house developed intangible assets are expensed as incurred.

Costs incurred on development projects (relating to the design and testing of new improved products) are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technical feasibility and its cost can be measured reliably. The carrying value of development costs is reviewed for impairment annually or more frequently if there is evidence to suggest that the carrying value may not be recoverable. All intangibles were assessed for indicators of impairment as at 30 June 2019.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying value of the asset as at the date of derecognition and are recognised in the Statement of Comprehensive Income.

### **Borrowing costs**

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.



## 2.4 Fair value disclosure

The following tables provide an analysis of assets and liabilities that are measured at fair value. The remaining assets and liabilities disclosed in the Statement of Financial Position do not apply the fair value hierarchy.

The different levels of the fair value hierarchy are defined below.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

### Fair value measurements

#### Fair value measurements at 30 June 2019 by hierarchy for assets and liabilities

	Fair value measurements at the end of the reporting period				
	2019 \$'000	2018 \$'000	Category (Level 1, 2, or 3)	Valuation technique	Inputs used
<b>Financial assets</b>					
Forward exchange contracts	709	591	2	ADCF	[1]
Foreign currency receivable	-	366	2	ADCF	[1]
Interest rate swaps	15,785	9,170	2	ADCF	[2]
<b>Total financial assets at fair value</b>	<b>16,494</b>	<b>10,127</b>			
<b>Non-financial assets</b>					
Land	25,950	990	2	DC	[3]
	-	48,557	3	DC	[4]
Buildings	352,705	373,524	3	DRC	[5]
Plant and equipment	533,332	546,053	3	DRC	[6]
Assets held for sale	3,272	-	2	DC	[3]
<b>Total non-financial assets at fair value</b>	<b>915,259</b>	<b>969,124</b>			
<b>Total fair value measurements of assets</b>	<b>931,753</b>	<b>979,251</b>			
<b>Financial liabilities</b>					
Forward exchange contracts	1,974	1,288	2	ADCF	[1]
Interest rate swaps	13,757	5,729	2	ADCF	[2]
<b>Total financial liabilities at fair value</b>	<b>15,731</b>	<b>7,017</b>			
<b>Total fair value measurements of liabilities</b>	<b>15,731</b>	<b>7,017</b>			

Notes:

DC – Direct Comparison

DRC – Depreciated Replacement Cost

DCF – Discounted Cash flows

ADCF – Adjusted Discounted Cash flows

WA – Weighted Average

[1] Current foreign exchange market rates.

[2] Current market interest rates.

[3] Direct comparison with similar land on a rate per square metre basis.

[4] Direct comparison with a wide range of land sales on a rate per square metre basis. Professional judgement has been utilised to determine fair value taking into account tenure, encumbrances, town planning, location, size and shape.

[5] Historical capitalised costs adjusted to current date by the application of specific indices (range used: +1.5% – +3.75%)

[6] Historical capitalised costs adjusted to current date by the application of specific indices considered appropriate to particular asset categories (range used: -4%–+2%)

Airservices engages external, independent and qualified valuers to assess the fair value of Airservices property plant and equipment on an annual basis. Highest and best use is the same as current use.

## Valuation techniques used to determine Level 2 and Level 3 fair values

### *Land*

The fair value of freehold land assets have been derived using the direct comparison approach whereby the evidence derived from analysis of recent sales of similar properties is used to establish the value of the subject property (Level 2 Inputs). In this regard, sales evidence has been collected as close to the date of valuation as possible and compared to the subject property on the basis of area, contours, locations, access and alternate potential. The sales were analysed on a sale price per square metre of land area and adjusted accordingly to reflect any character differences between the subject property and the comparable sales data.

### *Buildings*

Non-specialised building assets where the asset can be identified as having capability to be compared to open market conditions have been valued using the capitalised income approach whereby a yield is applied to the properties income (actual or assumed) to assess the value.

Specialised buildings and site improvements have been valued on the basis of Depreciated Replacement Cost (Summation Method). This has been determined by first establishing the estimated cost to replace with an equivalent new asset less depreciation for their physical, functional and economic obsolescence.

Most building assets possess an alternate use potential, however, that potential can only be realised if the underlying conditions of the land permit an alternate use. In most instances the land lease agreements Airservices Australia has entered into preclude using the underlying land and the buildings upon the land in any other way than to provide the specialised services specifically related to Airservices Australia. Where the land lease conditions preclude Airservices Australia from partaking in otherwise normal market conditions, the building assets were valued as a specialised asset.

### *Plant and Equipment*

All plant and equipment assets are considered to be specialised and have been valued using the Cost Approach (depreciated replacement cost). Generally, the plant and equipment assets are typical at each airport and only vary subject to the operational requirements of each airport. Airservices assets include navigational aids, en-route surveillance systems, airport infrastructure and fire and rescue vehicles. These assets represent a specialised group of assets integrated to perform the control, monitoring and safety requirement of air and ground movement of commercial aircraft and airport support vehicles within Australia.

### *Financial assets and liabilities*

The fair values of foreign currency Forward Exchange Contracts (FECs) and Interest Rate Swaps (IRSs) are calculated using a credit adjusted discounted cash-flow methodology. FEC and IRS contracted rates are compared to current market rates to calculate future cash flows which are then discounted to arrive at a present value.

## Reconciliation for recurring Level 3 fair value measurements

Recurring Level 3 fair value measurements – reconciliation for assets

	Non-financial assets			
	Land	Buildings	Plant and equipment	Total
	2019 \$'000	2019 \$'000	2019 \$'000	2019 \$'000
<b>Opening balance</b>	<b>48,557</b>	<b>373,524</b>	<b>546,053</b>	<b>968,134</b>
Total gains/(losses) recognised in Statement of Comprehensive Income	-	-	955	955
Total gains/(losses) recognised in Other Comprehensive Income	(3,630)	2,961	9,698	9,029
Purchases	-	9,700	65,590	75,290
Disposals	(16,720)	(1,255)	(1,299)	(19,274)
Depreciation	-	(32,225)	(87,665)	(119,890)
Transfers out of Level 3 <sup>1</sup>	(28,207)	-	-	(28,207)
<b>Closing balance</b>	<b>-</b>	<b>352,705</b>	<b>533,332</b>	<b>886,037</b>

<sup>1</sup> A transfer from Level 3 to Level 2 inputs has occurred as a result of the direct comparison approach being adopted as the primary method of assessment. Previous assessments were conducted with the assumption of the land being capable of being rezoned in line with similar land zonings of surrounding developments.

## 2.5 Other provisions and payables

	2019 \$'000	2018 \$'000
<b>Current payables and other provisions</b>		
<b>Current trade and other payables</b>		
Trade payables	14,927	15,081
Employees		
Salaries and wages	12,695	10,867
Superannuation	1,594	1,211
Tax payables		
Accrued payroll tax	2,847	2,844
Net goods and services tax payable	13,267	14,554
Group tax payable	6,149	5,842
Revenue received in advance	1,153	879
Interest payable	2,806	2,848
Other accrued expenses	51,328	37,365
<b>Total current trade and other payables</b>	<b>106,766</b>	<b>91,491</b>
<b>Current other provisions</b>		
Revenue to be returned to customers	607	505
ARFFS decontamination	15,743	23,875
Litigation and legal costs	1,825	844
Makegood on leasehold assets	614	3,797
Other	823	1,413
<b>Total current other provisions</b>	<b>19,612</b>	<b>30,434</b>
<b>Total current provisions and payables</b>	<b>126,378</b>	<b>121,925</b>
<b>Non-current other provisions</b>		
ARFFS decontamination	38,781	32,302
Makegood on leasehold assets	24,032	18,832
<b>Total non-current provisions</b>	<b>62,813</b>	<b>51,134</b>

### *Description of provisions*

#### **ARFFS decontamination**

The provision relates to the assessment, management and containment of possible contaminated ARFFS training sites as outlined in Note 5.1 Contingent liabilities.

## Accounting Policy

### Provisions

Provisions are recognised when Airservices has a present obligation (legal or constructive) as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. Where the effect of the time value of money is material, the obligation is measured using a discount rate which reflects current market assessments and the risks specific to the liability. Increases in the provision due to the passage of time (unwinding of the discount) are then recognised as expense.

## Accounting Judgements and Estimates

### Other provisions

An estimate of expected future costs has been used to establish the provision for the assessment, management and containment of possible contaminated Aviation Rescue and Fire Fighting Services (ARFFS) training sites and the remediation and restoration of leased property sites.

	<b>2019</b>	2018
	<b>\$'000</b>	\$'000
<b>Movements in provisions</b>		
(i) Revenue to be returned to customers (Current)		
Carrying amount at start of period	<b>505</b>	373
Additional provisions made	<b>102</b>	132
Carrying amount at end of period	<b>607</b>	505
(ii) ARFFS decontamination (Current/Non-current)		
Carrying amount at start of period	<b>56,177</b>	23,242
Additional provisions made	<b>4,191</b>	36,842
Payments	<b>(5,844)</b>	(3,907)
Carrying amount at end of period	<b>54,524</b>	56,177
(iii) Litigation and legal costs (Current)		
Carrying amount at start of period	<b>844</b>	394
Additional provisions made	<b>1,825</b>	775
Payments	<b>(844)</b>	(325)
Carrying amount at end of period	<b>1,825</b>	844
(iv) Makegood on leasehold assets (Current/Non-current)		
Carrying amount at start of period	<b>22,629</b>	8,815
Additional provisions made	<b>2,161</b>	14,031
Payments	<b>(144)</b>	(217)
Carrying amount at end of period	<b>24,646</b>	22,629
(vi) Other (Current)		
Carrying amount at start of period	<b>1,413</b>	1,574
Payments	<b>(590)</b>	(161)
Carrying amount at end of period	<b>823</b>	1,413

## 2.6 Other financial assets and liabilities

	2019 \$'000	2018 \$'000
<b>Other current financial assets</b>		
Interest rate swaps	-	3
Forward exchange contracts	338	414
Foreign currency receivable	-	366
Navigation and augmentation systems receivable	-	293
<b>Total other current financial assets</b>	<b>338</b>	<b>1,076</b>
<b>Other non-current financial assets</b>		
Interest rate swaps	15,785	9,167
Forward exchange contracts	371	177
Navigation and augmentation systems receivable	-	1,117
<b>Total other non-current financial assets</b>	<b>16,156</b>	<b>10,461</b>

Refer to Note 2.4 for basis of fair value measurement.

<b>Other current financial liabilities</b>		
Interest rate swaps	506	184
Forward exchange contracts	335	164
<b>Total other current financial liabilities</b>	<b>841</b>	<b>348</b>
<b>Other non-current financial liabilities</b>		
Interest rate swaps	13,251	5,545
Forward exchange contracts	1,639	1,124
<b>Total other non-current financial liabilities</b>	<b>14,890</b>	<b>6,669</b>

## 2.7 Other assets and other liabilities

	2019 \$'000	2018 \$'000
<b>Other current liabilities</b>		
Lease liability <sup>1</sup>	375	299
<b>Total other current liabilities</b>	<b>375</b>	<b>299</b>
<b>Other non-current liabilities</b>		
Lease liability <sup>1</sup>	4,063	375
Other <sup>2</sup>	85,062	37,071
<b>Total other non-current liabilities</b>	<b>89,125</b>	<b>37,446</b>

1 This represents the straight-lining of a lease incentive over the term of the lease period as well as the straight-lining of any fixed increases within the lease over the term of the lease period. The total of future minimum sublease payments expected to be received under non-cancellable subleases at the end of the reporting period is \$13.9m (2018: \$13.4m).

2 This represents the excess of amounts received from the Department of Defence under the On-Supply Agreement, over Defence's share of work conducted by Thales under the Civil-Military Air Traffic Management System (CMATS) acquisition contract.