



# ANNUAL REPORT

Financial Statements for the  
Year ended 30 June 2021



# CONTENTS

- 03** Our Year in Numbers and Service Deliverables
- 05** Stories of the Year
- 06** A Year in Review
- 09** Looking Forward
- 10** Financial Statements 2020-2021
  - 10 Statement of Comprehensive Revenue and Expenses
  - 11 Statement of Changes in Equity
  - 12 Statement of Financial Position
  - 13 Statement of Cashflows
- 14** Statement of Accounting Policies and Notes
- 32** Statutory Disclosures
- 33** Statement of Intent Performance
- 35** Independent Auditor's Report





**BAYPARK**

**CLUBfit**

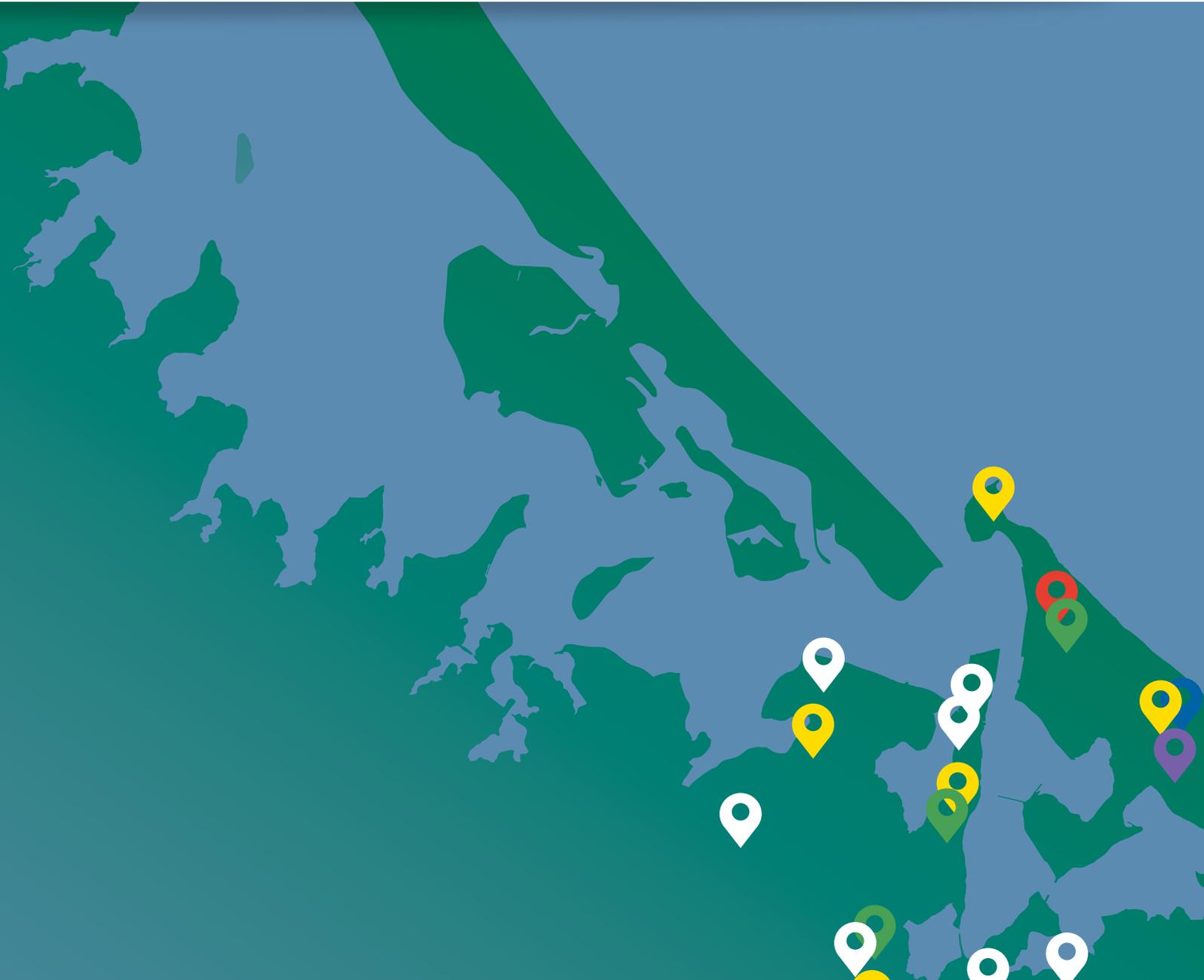
*Baywave*  
© TECT MountLions.com

**MOUNT  
HOT POOLS**



THE UNIVERSITY OF WAIKATO  
**ADAMS CENTRE**  
FOR HIGH PERFORMANCE

**BayCatering**



# Facilities

- 1 Trustpower Baypark (Arena, Stadium & BayStation)
- 1 Adam Centres for High Performance
- 3 Community Centres
- 4 Sports Centres
- 5 Aquatics Facilities
- 8 Community Halls



# OUR YEAR IN NUMBERS

## REVENUE

# \$22.77m\*

TCC Community Operating Grant:

**\$2.89m**

Aquatics:

**\$3.85m**

Indoor Facilities:

**\$0.56m**

Clubfit & Other Memberships:

**\$2.30m**

Events & Catering:

**\$10.07m**

COVID-19 Wage Subsidy:

**\$1.05m**

Other User Fees:

**\$1.02m\*\***

Learn to Swim:

**\$1.04m**



## 123

FULL TIME

## 126

PART TIME

## 102

CASUAL



## 90%

Overall satisfaction with their customer experience within Bay Venues facilities.

## 88%

Overall satisfaction with their experience at Baywave.

## 92%

Overall satisfaction with their experience at Mount Hot Pools.

## 94%

Overall satisfaction with the experience at Clubfit.



## 66

Regional/National Indoor Sporting & Aquatic Tournaments

## 367

Conferences, Trade Shows, Exhibitions, Concerts and other events at Trustpower Baypark.

\* Excludes TCC Debt Servicing, TCC renewal funding and Rehabilitation expense funding

\*\*Includes Childcare \$0-12m, BayStation \$0.415m, Merchandise \$0.401m



## VISITORS

# 2.2m<sup>\*</sup>

to our **facilities\*\***

### 463,215

Visitors to **Trustpower Baypark (Arena & Stadium)**

### 418,753

Visitors to our **Community Centres & Halls**

### 341,737

Visitors to our **Indoor Sports Facilities**

### 757,741

Visitors to our **Aquatic Facilities**

### 218,091

Visitors to **Other Facilities**



SCHOOLS IN POOLS  
(Water Safety)

## 15

Schools Joined

## 7,777

Children  
Participated  
In Lessons



Participants in BVL Led  
Activity Programmes<sup>^</sup>

## 71,342

Adults & Senior

## 89,646

Child/Youth

## 20,614

Pre-School

<sup>^</sup> Including Mount Hot Pools



HEALTHY SCHOOL  
LUNCHES

## 424,239

total lunches  
supplied (started  
Oct 2020)

## 10

Schools Supplied

\* All facilities were impacted by the COVID-19 Level 2 in the Bay of Plenty and Level 3 in Auckland during August 2020, and February / March 2021.

\*\* Including BayStation, Clubfit and University of Waikato Adams Centre for High Performance.



# STORIES OF THE YEAR

## Healthy School Kai

In October 2020, Bay Venues established Healthy School Kai, to cater for large schools in the area who had been chosen to participate in the Ministry of Education Ka Ora, Ka Ako | healthy school lunches programme.

Healthy School Kai delivers over 4000 lunches a day to schools across Tauranga and Whakatane. Feeding many children who would otherwise go without lunch; providing nutritious, wholesome food that will keep them fuller for longer, so they are more alert, engaged and active in class.

*"We have a huge need for this programme. 5-10% of our kids don't ever bring lunch and half of the kids I spoke to this morning hadn't had breakfast."*  
Teimana Bennett, Deputy Principal, Te Wharekura O Mauao

Any profits from the Healthy School Kai business subsidises the cost of running the 24 community facilities managed by Bay Venues. Keeping entry prices low so that everyone in the community can afford to enjoy them.



## Record Numbers at the Pools

In the last financial year, a record number of visitors enjoyed the five aquatic facilities in the Bay Venues network. In FY21 there was over 758,000 visitors to the pools throughout the year – a 7.7% increase on the three yearly average:

Baywave: 341,226

Mount Hot Pools: 245,834

Greerton Aquatic & Leisure Centre: 89,763

Otumoetai Pool: 50,831

Memorial Pool: 30,087

These results occurred despite restricted entry numbers during Alert Level 2 (in August 2020 and February 2021), and closing Mount Hot Pools for 10 weeks for scheduled maintenance and remedial work, along with a new facade upgrade.

## Award Winning Performance

Three Bay Venues businesses were recognised over the past year with national and international awards.

The Mount Hot Pools and BayStation were awarded the 2020 Tripadvisor Travellers' Choice Award, ranking them in the top 10% of attractions worldwide. Each year Tripadvisor combs through reviews, rating and saves from travellers worldwide; using this information to award the best tourism activities with the Traveller's Choice Award.

In September 2020, BaySwim was awarded the 2020 Swim School Innovation Award (1001-2000 students) by the New Zealand Swim Coaches and Teachers Association (NZSCTA) for their sensory swim lessons. The NZSCTA recognises contributions and achievements in the swimming industry with their annual awards.





# A Year in Review

*We write this review having both started on 1 July 2021 as Chair and Acting CEO respectively, so upfront we need to make it clear that all plaudits and acknowledgements for a very solid last year of business and financial performance by Bay Venues must go to the previous Board of Directors, previous CEO Justine Brennan and the Bay Venues management team.*

Bay Venues performed strongly in FY21 (period 1 July 2020 to 30 June 2021) and the new governance board is excited about the future.

### Our Purpose

Bay Venues exists for our community. We are the kaitiaki of community facilities. Caring for and optimising our facilities to create value for Tauranga City by enhancing the quality of life of its people. We are a community focused, Council Controlled Organisation (CCO).

### Our People

Bay Venues employs 351 people in various full time, part time and casual roles (an equivalent of 180 full time employees). We are proud to provide quality sustainable jobs that not only provide growth opportunities for our people but that also serve our community.

Our people are our greatest asset and the health & safety of our staff and customers is our top priority.

We are pleased to report a declining trend in facility related incidents measured from the previous year. In the area of health and safety, and caring for the wellbeing of our people, we are always striving to be better. Continuing to embed a culture of continuous improvement remains a priority and absolute focus for the organisation.

We believe that paying our people fairly and looking after them creates a competitive advantage in a tight labour market. Over the last 6 months, Bay Venues has faced increasing difficulties recruiting new staff, particularly lifeguards in our Aquatic division where we had previously benefitted from an international migrant workforce. To ensure that we can face this ongoing talent attraction and retention problem, we are currently undertaking a remuneration review and reforming our people strategy. Part of this strategy will be ensuring all staff are paid a minimum of Living Wage, which has started with lifeguards receiving the Living Wage from April 2021.

### Our Customer & Community Experience

One of our values is to be "customer crazy" and at no time has this been more important than through COVID-19 Alert Levels, as we have had to adjust our operations and service provision. Our efforts have been widely recognized by our customers who have appreciated the robust safety measures and procedures we have put in place.

// Bay Venues annual customer survey, which delivered a record 90% customer satisfaction rating //

This recognition became evident in the Bay Venues annual customer survey, which delivered a record 90% customer satisfaction rating, significantly ahead of our 85% target.

Better customer engagement and smarter internal processes is a journey Bay Venues has started on as part of a wider Digital Transformation Strategy and we look forward to more progress in this area over the next year.

### Our Community Facilities

We are proud to have hosted another strong year of event activity, with 66 major sporting and aquatic tournaments across our community facilities and at Trustpower Baypark. This included the iconic Bay Dreams festival that was held on January 2 & 3, 2021 and attracted 16,500 attendees. To allow the event to continue under COVID-19 Alert Level conditions, a comprehensive re-think of the stage configuration, general event management and consenting environment was required. Overall, the 2021 event was a resounding success. The new venue layout resulted in a more intimate atmosphere; generating fantastic feedback about the quality of the concert.

Around the same time the planning for Bay Dreams was underway, an opportunity presented itself for Bay Venues to take part in the governments Ka Ora, Ka Ako | healthy school lunches programme.



# A YEAR IN REVIEW



Bay Venues' CCO model meant it could quickly and proactively respond to the governments call for catering providers and by Term 4, 2020 we became the biggest provider of this programme in the Bay of Plenty. Around 4000 lunches per day are delivered to 10 schools in Tauranga and Whakatane by Bay Venues Healthy School Kai team.

Being a CCO means that we redirect profits from this Central Government funded initiative towards subsidising the cost of operating our network of Tauranga community facilities. Bay Venues has also created 33 new jobs for local people, making and distributing lunches through the programme.

Another highlight of FY21, was the successful project to upgrade our iconic Mount Hot Pools. The team managed to complete over 12 weeks' worth of work in 10 weeks to ensure the venue could open in time for the busy Easter school holidays. The project was well managed from a cost perspective, coming in under budget. The underground piping has been completely replaced, with the new pipes saving over 30 cubic metres of water per day. The external façade was given a much-needed upgrade, including a unique cultural element which is soon to be revealed. We have also resurfaced the entire concourse with non-slip flooring, this has significantly reduced the frequency of slips at the facility which can cause serious injury to our patrons.

### Our Financial Sustainability

This financial year produced a much better than expected result with EBITDA of \$1.1M (\$2.6M ahead of budget) and an after-tax deficit of \$0.3M.

This is a pleasing result financially as we were able to avoid a budgeted EBITDA deficit of -\$1.5M. The positive result was primarily driven by stronger than expected revenues. Participation across our facilities rebounding strongly post



// This financial year produced a much better than expected result with EBITDA of \$1.1M //



COVID-19 and the domestic tourism market was stronger than expected. We were also able to recognise \$1M of funding revenue through the COVID-19 Wage Subsidy programme, which enabled us to retain all of our people during the uncertain start to

the year. Operational expenses were well managed, in part due to a remuneration freeze holding staff costs in line with the prior year, this has now been lifted for the new financial year.

## Looking Forward

### New Governance & Leadership

A new Board of Directors has been appointed and commenced on 1 July 2021. Recruitment has recently commenced for a new CEO. We were delighted with the calibre of people that put themselves forward for the Board roles and congratulate those appointed. Thanks must also go to previous Directors Keith Tempest, Mary-Anne Mcleod, Kylie Hawker-Green, Nick Lowe, Dr Bruce Bryant and Colin Groves, and in particular the previous Chair Michael Smith. Special acknowledgment must also go to Keith Tempest who served on the Board for 8 years.

### A "re-set" in relationship with TCC

The change in the Board has enabled a re-set in the relationship between Tauranga City Council and Bay Venues. A new Statement of Intent has been agreed with Tauranga City Council which includes the following expectations and strategic objectives for Bay Venues.

- Moving the organisation towards paying the living wage for all staff.
- Working to position the organisation, and the public perception of the organisation as an integral part of Council's business-as-usual operations.
- Looking for opportunities to deliver operational



# A YEAR IN REVIEW

efficiencies through shared service delivery models with Council.

- Reorganising BVL's finance structure and funding model to be more transparent, simple, and easy to understand.
- Developing a clearer Statement of Intent and more focused Key Performance Indicators, largely for the delivery of identified community outcomes.
- Investigating the viability of moving community halls and community centres back under the direct control of Council.
- Working with Council to review the new Board arrangements within 12 months of establishment.

The new governance Board will be focused on delivering to these expectations and outcomes.

## Risks

Like any business, Bay Venues has a number of key risks to manage. Outlined below are some key risk areas where we are particularly focussed.

- **Organisational Risk Framework:** We are underway with a review of our risk framework across the organisation, which encompasses key risks such as health, safety & wellness of our people, cyber security, and sustainability. We acknowledge the need to keep evolving in these areas to meet the demands of today's society.
- **Ageing Assets & Facilities:** Many of our community assets and facilities are old (average age of 47 years) and require significant ongoing investment and maintenance. Bay Venues has an active asset management programme and investment plan that is constantly reviewed and adjusted. The asset management investment program for the coming year includes an 8-week closure of Greerton Aquatic & Leisure Centre (early 2022), a 1-week closure of Otumoetai Pool (mid-2022), and several smaller refurbishments across our network.
- **COVID Re-emergence:** Planning for a COVID re-emergence remains at the forefront of our mind as with all other businesses across New Zealand. We have robust response plans in place to react to changing Alert Levels, which will need to evolve along with New Zealand's COVID-19 response strategy.
- **Attracting & Retaining People:** The "war for talent" is definitely on and we are facing a very tight labour market. We need to continue to invest in our people. This includes addressing critical staff shortages as an immediate priority, combined with a longer-term staff recruitment and retention strategy to ensure we build and maintain a depth of talent within the organisation.

## Opportunities

The other side of the "risk coin" is "opportunity" and we outline a few of these below.

- **Improving the Customer Experience:** Market research tells us that every Tauranga resident visits one of our facilities at least 3 times every year. This year we will be investing in our back office and data systems as well as our customer facing digital channels to provide a better digital experience for our customers and community. Recent investments in systems capability combined with a refresh of our websites, will enable customers to book and pay online and allow us to communicate with our customers more effectively.
- **Re-contracting the provision of School Lunches:** We are currently in the process of re-applying to be part of the next contract period for the Ministry of Education's Ka Ora, Ka Ako | healthy school lunches programme. The Bay Venues delivery model has been very successful to date, and we look forward to providing a high-quality service to schools in the next phase of this initiative.
- **Strengthening our Relationship with TCC:** Bay Venues is also committed to working collaboratively with Tauranga City Council on long term investment into civic amenities. This will include key projects such as the recently approved Memorial Park development, a future masterplan for Baypark, and the Community Facilities Investment Plan.

With the support of Tauranga City Council, Bay Venues looks forward to continuing the enrichment of the Tauranga Moana community through the facilities it operates in FY22 and beyond.

Simon Clarke, Chair

Adam Ellmers, Interim CEO



## New Board of Directors



Simon Clarke - Chair



Julie Hardaker - Deputy Chair



Adam Lynch - Director



Gareth Wallis - Director



Jeremy Curragh - Director



Nick Lowe - Director



# FINANCIAL STATEMENTS 2020-2021

## STATEMENT OF COMPREHENSIVE REVENUE & EXPENSES for the Year ended 30 June 2021

	Note	2021 Actual \$,000's	2021 Budget \$,000's	2020 Actual \$,000's
<b>Revenue</b>				
User Revenue	2	18,687	13,589	13,416
Other Revenue	3	148	155	140
TCC Operational Grant	2	2,887	2,871	2,692
TCC Debt Servicing Grant	2	1,285	1,285	550
TCC Renewal Funding	2	3,433	5,823	3,862
Rehabilitation Expense Funding	2	197	-	241
COVID-19 Wage Subsidy	2	1,046	813	2,007
<b>Total Operational Revenue</b>		<b>27,683</b>	<b>24,536</b>	<b>22,908</b>
<b>Expenditure</b>				
Employee Expense	4	12,329	11,244	11,755
Administrative Expense	8	1,256	1,289	1,183
Consulting & Governance Expense	5	677	773	653
Operating Expense (incl. COGS)	6	6,492	4,802	5,019
Repairs & Maintenance Expense		869	777	739
Rehabilitation Expense		197	-	202
Profit/Loss on Disposal		17	-	1
Finance Costs		671	1,032	939
Depreciation & Amortisation Expense	7	5,717	6,764	6,979
<b>Total Operating Expenditure</b>		<b>28,225</b>	<b>26,681</b>	<b>27,470</b>
Surplus/(Deficit) before Tax		(542)	(2,145)	(4,562)
Income Tax (Expense)/Benefit	9	2,036	-	2,750
<b>Surplus/(Deficit) after Tax</b>		<b>1,494</b>	<b>(2,145)</b>	<b>(1,812)</b>
<b>Other Comprehensive Revenue &amp; Expenses</b>				
Gain on Property, Plant & Equipment Revaluation		2,309	-	11,300
Tax on Revaluation		(680)	-	(3,143)
<b>Total Comprehensive Income for the Year</b>		<b>3,123</b>	<b>(2,145)</b>	<b>6,345</b>

Summary of significant accounting policies and the accompanying notes form part of these financial statements.



# FINANCIAL STATEMENTS 2020-2021

## STATEMENT OF CHANGES IN EQUITY for the Year ended 30 June 2021

	Share Capital \$'000	Retained Earnings \$'000	Revaluation Surplus \$'000	Other Reserves \$'000	Total Equity \$'000
<b>Balance at 1 July 2019</b>	<b>84,232</b>	<b>(22,544)</b>	<b>28,348</b>	<b>133</b>	<b>90,170</b>
<b>Comprehensive Income</b>					
Surplus or deficit for the year	-	(1,812)	-	-	(1,812)
<b>Other comprehensive Income</b>					
Surplus or deficit for the year	-	-	11,300	-	11,300
Tax on Revaluation Gain	-	-	(3,143)	-	(3,143)
Transfer to Trustpower Reserve	-	(200)	-	200	-
<b>Total Other Comprehensive Income, Net of Tax</b>	<b>-</b>	<b>(200)</b>	<b>8,157</b>	<b>200</b>	<b>-</b>
<b>Balance at 30 June 2020</b>	<b>84,232</b>	<b>(24,556)</b>	<b>36,505</b>	<b>333</b>	<b>96,515</b>
<b>Balance at 1 July 2020</b>	<b>84,232</b>	<b>(24,556)</b>	<b>36,505</b>	<b>333</b>	<b>96,515</b>
<b>Comprehensive Income</b>					
Surplus or Deficit for the Year	-	1,494	-	-	1,494
<b>Other Comprehensive Income</b>					
Surplus or Deficit for the Year	-	-	2,309	-	2,309
Tax on Revaluation Gain	-	-	(680)	-	(680)
Transfer to Trustpower Reserve	-	(200)	-	200	-
<b>Total Other Comprehensive Income, Net of Tax</b>	<b>-</b>	<b>(200)</b>	<b>1,629</b>	<b>200</b>	<b>1,629</b>
<b>Balance at 30 June 2021</b>	<b>84,232</b>	<b>(23,262)</b>	<b>38,134</b>	<b>533</b>	<b>99,637</b>

Summary of significant accounting policies and the accompanying notes form part of these financial statements.



# FINANCIAL STATEMENTS 2020-2021

## STATEMENT OF FINANCIAL POSITION as at 30 June 2021

	Note	2021 (\$000's) Actual	2020 (\$000's) Actual
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	10	399	552
Inventories	11	401	345
Debtors and Other Receivables	12	1,349	665
<b>Total Current Assets</b>		<b>2,149</b>	<b>1,562</b>
<b>Non-Current Assets</b>			
Other Non-Current Assets	15	2,613	1,870
Intangible Assets	13	727	443
Property, Plant and Equipment	14	126,348	125,595
<b>Total Non-Current Assets</b>		<b>129,688</b>	<b>127,908</b>
<b>Total Assets</b>		<b>131,837</b>	<b>129,470</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Employee Entitlements	16	1,163	1,427
Creditors and Other Payables	17	3,086	3,383
Borrowings – University of Waikato Adams Centre for High Performance Loan	18	1,000	1,000
<b>Total Current Liabilities</b>		<b>5,249</b>	<b>5,810</b>
<b>Non-Current Liabilities</b>			
Borrowings	18	18,273	17,112
Deferred Tax	9	8,675	10,031
<b>Total Non-Current Liabilities</b>		<b>26,948</b>	<b>27,143</b>
<b>Total Liabilities</b>		<b>32,197</b>	<b>32,953</b>
<b>Net Assets</b>		<b>99,640</b>	<b>96,517</b>
<b>EQUITY</b>			
Share Capital	19	84,232	84,232
Retained Earnings	20	(23,261)	(24,553)
Other Reserves	22	533	333
Revaluation Reserves	21	38,136	36,505
<b>Total Equity</b>		<b>99,640</b>	<b>96,517</b>

Summary of significant accounting policies and the accompanying notes form part of these financial statements.

Simon Clarke – Director

Sep 21, 2021

Date

Jeremy Curragh – Director

Sep 21, 2021

Date



# FINANCIAL STATEMENTS 2020-2021

## STATEMENT OF CASHFLOWS for the Year ended 30 June 2021

	Note	2021 (\$000's) Actual	2020 (\$000's) Actual
<b>OPERATING ACTIVITIES</b>			
Cash Received from Customers		17,578	14,011
Grants Received		8,652	9,103
Dividend Received		43	40
Cash Received from Other Sources		178	245
Goods & Services Tax (Net)		-	4
		<b>26,451</b>	<b>23,403</b>
Payments to Employees		(12,595)	(11,483)
Payments to Suppliers		(9,283)	(7,151)
Interest Paid		(671)	(939)
Goods & Services Tax (net)		(13)	-
		<b>(22,562)</b>	<b>(19,573)</b>
<b>Net Cash from Operating Activities</b>	24	<b>3,889</b>	<b>3,830</b>
<b>INVESTING ACTIVITIES</b>			
<b>Cash Flows from Investing Activities</b>			
Proceeds from Sale of Property, Plant and Equipment		78	233
		<b>78</b>	<b>233</b>
Purchase of Property, Plant and Equipment		(4,540)	(5,611)
Transfer to Depreciation Investment		(743)	(692)
		<b>(5,283)</b>	<b>(6,303)</b>
<b>Net Cash from Investing Activities</b>		<b>(5,205)</b>	<b>(6,070)</b>
<b>FINANCE ACTIVITIES</b>			
<b>Cash Flows from Financing Activities</b>			
Proceeds from Borrowings		7,662	11,730
		<b>7,662</b>	<b>11,730</b>
Repayment of TCC Borrowings		(6,500)	(9,300)
<b>Net Cash from Financing Activities</b>		<b>1,162</b>	<b>2,430</b>
Net Increase in Cash Held		(154)	190
Cash & Cash Equivalents at Beginning of Year		552	364
<b>Cash &amp; Cash Equivalents at End of the Year</b>	10	<b>398</b>	<b>554</b>

Summary of significant accounting policies and the accompanying notes form part of these financial statements.



# STATEMENT OF ACCOUNTING POLICIES AND NOTES

## for the Year Ended 30 June 2021

### 1.1 ENTITY STATEMENT

Bay Venues Limited is a Council Controlled Organisation (CCO) as defined in Section 6 of the Local Government Act 2002. The company is wholly owned by Tauranga City Council. The company is registered under the Companies Act 1993 and is a reporting entity for the purposes of the Financial Reporting Act 1993.

The primary objective of Bay Venues Limited is to provide goods and services for the community or social benefit, rather than making a financial return. Accordingly, Bay Venues Limited, as part of the Tauranga City Council group, has designated itself as a Public Benefit Entity (PBE) for financial reporting purposes.

The financial statements of Bay Venues Limited are for the year ended 30 June 2021. The financial statements were authorised for issue by Bay Venues Limited Directors on 21st September 2021.

### 1.2 BASIS OF PREPARATION

The financial statements have been prepared on the going concern basis and the accounting policies have been applied consistently throughout the period.

The financial statements of Bay Venues Limited have been prepared in accordance with the requirements of the Companies Act 1993, the Financial Reporting Act 1993 and the Local Government Act 2002, which includes the requirements to comply with New Zealand generally accepted accounting practice (GAAP).

These financial statements have been prepared in accordance with Tier 2 PBE accounting standards on the basis that Bay Venues Limited is not publicly accountable and expenses are between \$2 million and \$30 million. However, Bay Venues Limited will not be taking advantage of all Tier 2 exemptions. These financial statements comply with PBE standards.

The accounting notes set out below have been applied consistently to all periods presented in these financial statements.

#### Measurement Base

The financial statements have been prepared on historical cost basis, modified by the revaluation of land, plant and buildings.

#### Functional and Presentation Currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$ 000). The functional currency of Bay Venues Limited is New Zealand dollars.

#### Standards, amendments, and interpretations issued that are not yet effective

Standards, amendments, and interpretation issued that are not yet effective will have a minimal impact on the entity.

### 1.3 REVENUE RECOGNITION

Revenue is recognised at fair value of the consideration received or receivable.

#### Sale of Goods

Revenue from the sale of goods is recognised when the product is sold to the customer.

#### User Fees & Charges

User fees and charges are recognised on the basis of actual services provided. Any fees and charges received in advance are recognised as unearned income.

#### Grant Income

Grant income is recognised upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.

Revenue is classified as exchange and non-exchange. Subsidised income received is recognised as non-exchange revenue.

### 1.4 BORROWING COSTS

Borrowing costs are recognised as an expense in the period in which they are incurred.

### 1.5 INCOME TAXATION

Income tax expense is the current period movements in relation to deferred tax only.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable surplus.

Deferred tax is measured at the tax rates that are expected to apply when the asset is realised or the liability is settled based on tax rates (and tax laws) that have been enacted or substantively enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the group expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the



# STATEMENT OF ACCOUNTING POLICIES AND NOTES

## for the Year Ended 30 June 2021

initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is recognised in the surplus or deficit for the period, except to the extent that it relates to a business combination, or to transactions recognised in other comprehensive income or directly in equity.

### 1.6 LEASES

#### Operating Lease

An operating lease is a lease that does not transfer substantially all the risks and benefits of ownership of the leased item to the lessee.

Lease payments under an operating lease are recognised as expenses in the surplus or deficit on a straight-line basis over the lease term.

### 1.7 CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash on hand, deposits held on call with banks and other short-term highly liquid investments with original maturities of three months or less.

### 1.8 DEBTORS AND OTHER RECEIVABLES

Debtors and other receivables are included at their net realisable value after deduction of a provision for doubtful debts.

### 1.9 IMPAIRMENT OF FINANCIAL ASSETS

Financial assets are assessed for objective evidence of impairment at each balance date. Impairment losses are recognised in the surplus or deficit.

#### Receivables

Impairment is established when there is objective evidence that Bay Venues Limited will not be able to collect amounts due according to the original terms of the debt. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy and default on the payments are considered indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectable, it is written off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (that is not past due). Impairment in term deposits is recognised directly against the instrument's carrying value.

### 1.10 INVENTORIES

Inventories (such as spare parts and other items) held for distribution or consumption in the provision of services that are not supplied on a commercial basis is measured at cost, adjusted when applicable, for any loss of service potential. The loss of service potential of inventory held for distribution is determined on the basis of obsolescence. Where inventories are acquired at no cost or for nominal consideration, the cost is the current replacement cost at the date of acquisition.

Inventory held for use in the production of goods and services on a commercial basis is valued at the lower of cost and net realisable value. The cost of purchased inventory is determined using the first in first out (FIFO) method.

Inventories held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at cost adjusted for any loss of service potential.

The amount of any write-down for the loss of service potential or from cost to net realisable value is recognised in the surplus or deficit in the period of the write-down.

### 1.11 PROPERTY, PLANT AND EQUIPMENT

Property, plant, and equipment is shown at cost or valuation, less accumulated depreciation and impairment losses.

#### Revaluation

Land, buildings and Plant are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three years. All other asset classes are carried at depreciated historical cost. Revaluations of property, plant, and equipment are accounted for on a class of asset basis.

The net revaluation results are credited or debited to other comprehensive income and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive income but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expenses.

The most recent valuation was performed by Forbes Valuation Limited on Plant & Equipment only, with the valuation being effective as at 30 June 2021.

#### Additions

The cost of an item of property plant and equipment is recognised as an asset if, and only if, it is probable that future



# STATEMENT OF ACCOUNTING POLICIES AND NOTES

## for the Year Ended 30 June 2021

economic benefits or service potential associated with the item will flow to Bay Venues Limited and the cost of the item can be measured reliably.

Costs incurred subsequent to initial recognition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to Bay Venues Limited and the cost of the item can be measured reliably.

In most cases an item of property plant and equipment is initially recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Work in progress is recognised at cost less impairment and is not depreciated.

### Disposals

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposal are included in the surplus or deficit. When revalued assets are sold, the amounts included in the asset revaluation reserves in respect of those assets are transferred to retained earnings.

### Depreciation

All assets are depreciated over their expected useful lives. Depreciation is provided on a straight line (SL) basis, at rates calculated to allocate the asset cost less estimated residual value over the estimated useful life. When assets are revalued, depreciation rates are overridden by the new annual depreciation rates to accurately reflect the useful life of the asset.

CLASS OF ASSET DEPRECIATED	Estimated useful life (Years)	Depreciation Method
Operational Assets		
Buildings & Improvements	1-100	SL
Plant and Equipment	1-100	SL
Computer Equipment	3-10	SL
Office Furniture & Equipment	1-20	SL
Motor Vehicles	4.5-10	SL

### 1.12 INTANGIBLE ASSETS

#### Software Acquisition and Development

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with maintaining computer software are recognised as an expense when incurred. Staff training costs are recognised as an expense when incurred.

### Intellectual Property Development

CLASS OF INTANGIBLE ASSET	Estimated Useful Life	Amortisation rates
Acquired Computer software	3-10 years	10% - 33.3%

### 1.13 IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependant on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service potential

The value in use for cash generating assets and cash generating units is the present value of expected future cash flows.

For revalued assets the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit.

For assets not carried at a revalued amount, the total impairment loss is recognised in surplus or deficit.

The reversal of an impairment loss on a revalued asset is credited to other comprehensive income and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of the impairment loss is also recognised in the surplus or deficit.

For assets not carried at a revalued amount the reversal of an impairment loss is recognised in the surplus or deficit.

### 1.14 CREDITORS AND OTHER PAYABLES

Creditors and other payables are recognised at fair value and subsequently measured at amortised cost.

### 1.15 BORROWINGS

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest rate method.

Borrowings are classified as current liabilities unless Bay Venues Limited has an unconditional right to defer settlement of the liability for at least 12 months after balance date, or if the borrowings are expected to be settled within 12 months of balance date.

### 1.16 EMPLOYEE ENTITLEMENTS

#### Short-term Employee Entitlements

Salaries, wages and annual leave, that are due to be settled



# STATEMENT OF ACCOUNTING POLICIES AND NOTES

## for the Year Ended 30 June 2021

within 12 months after the end of the period in which the employee renders the related service, are measured at nominal values based on accrued entitlements at current rates of pay.

A liability and an expense are recognised for bonuses where Bay Venues Limited has a contractual obligation or where there is a past practice that has created a constructive obligation.

### Long-Term Employee Entitlements

Employee entitlements are those entitlements that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave and retirement gratuities. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlement information; and
- the present value of the estimated future cash flows.

### Superannuation Schemes

Obligations for contributions to KiwiSaver are accounted for as defined contribution superannuation schemes and are recognised as an expense in the surplus or deficit when incurred.

Annual leave and long service leave, expected to be settled within 12 months or balance date, are classified as a current liability. All other employee entitlements are classified as a non-current liability.

### 1.17 PROVISIONS

Bay Venues Limited recognises a provision for future expenditure of an uncertain amount or timing when there is a present obligation, (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation. Provisions are not recognised for future operating losses.

### 1.18 EQUITY

Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components.

- Share Capital
- Retained Earnings
- Property, Plant and Equipment Revaluation Reserve
- Other reserves

### Property Revaluation Reserves

This reserve relates to the revaluation of property, plant, and equipment to fair value.

The revaluation reserve will be realised when the assets within the class of property, plant and equipment to which the surplus relates to, are retired or disposed of.

### Other Reserves

This reserve relates to the Trustpower naming rights reserve.

### 1.19 GOODS & SERVICES TAX

All items in the financial statements are exclusive of goods and services tax (GST) with the exception of receivables and payables, which are stated with GST included. When GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

Commitments and contingencies are disclosed exclusive of GST.

The net amount of GST recoverable from, or payable to the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

### 1.20 BUDGET FIGURES

The budget figures are those adopted by Bay Venues Limited and approved by Tauranga City Council in its 2020/21 Annual Plan. The budget figures have been prepared in accordance with NZ GAAP and are consistent with the accounting policies adopted by Bay Venues Limited for the preparation of the financial statements.

### 1.21 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING ESTIMATES

In preparing these financial statements, Bay Venues Limited has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below:

#### Property Revaluations

Note 14 provides information about the estimates and assumptions exercised in the measurement of revalued land and buildings, and equipment.



# STATEMENT OF ACCOUNTING POLICIES AND NOTES

## for the Year Ended 30 June 2021

### 1.22 EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

Note 27 provides explanations of major variances against budget.

### NOTE 2. REVENUE FROM EXCHANGE AND NON-EXCHANGE TRANSACTIONS

	2021 (\$000's) Actual	2021 (\$000's) Budget	2020 (\$000's) Actual
<b>Non-Exchange</b>			
TCC Operational Grant	2,887	2,871	2,692
TCC Debt Serving Grant	1,285	1,285	550
TCC Renewal Funding	3,433	5,823	3,862
Aquatics	3,846	2,784	2,757
Indoor Facilities	560	1,353	1,185
Childcare	120	-	242
Memberships	208	215	178
Rehabilitation Expense Funding	197	-	241
COVID-19 Wage Subsidy	1,046	813	2,007
<b>Total Non-Exchange</b>	<b>13,582</b>	<b>15,144</b>	<b>13,714</b>
<b>Exchange</b>			
Memberships	2,094	2,130	1,751
Events and Catering	10,069	5,219	5,572
Other User Fees and Charges	1,939	2,043	1,872
<b>Total Exchange</b>	<b>14,102</b>	<b>9,392</b>	<b>9,195</b>
<b>Total Exchange and Non-Exchange Revenue</b>	<b>27,684</b>	<b>24,536</b>	<b>22,909</b>

### NOTE 3: OTHER REVENUE

	2021 (\$000's) Actual	2021 (\$000's) Budget	2020 (\$000's) Actual
Rental	28	8	24
Dividends	43	38	40
Interest Received	-	49	-
Sponsorship	77	59	76
<b>Total Other Revenue</b>	<b>148</b>	<b>154</b>	<b>140</b>

### NOTE 4: EMPLOYEE EXPENSES

	2021 (\$000's) Actual	2021 (\$000's) Budget	2020 (\$000's) Actual
Salaries and Wages	11,722	10,608	11,231
Defined Contribution Plan Employer Contributions (KiwiSaver)	289	262	256
Other Personnel Expense	318	375	268
<b>Total Employee Expenses</b>	<b>12,329</b>	<b>11,244</b>	<b>11,755</b>



# STATEMENT OF ACCOUNTING POLICIES AND NOTES

## for the Year Ended 30 June 2021

### NOTE 5: CONSULTING & GOVERNANCE EXPENSES

	2021 (\$000's) Actual	2021 (\$000's) Budget	2020 (\$000's) Actual
Audit Fees	93	97	91
Consulting & Legal	279	245	246
Director Fees	260	391	261
TCC Shared Services	20	21	22
Tax Advisory	25	19	33
<b>Total Consulting &amp; Governance Expenses</b>	<b>677</b>	<b>773</b>	<b>653</b>

### NOTE 6: OPERATING EXPENSES

	2021 (\$000's) Actual	2021 (\$000's) Budget	2020 (\$000's) Actual
Cost of Goods Sold	2,461	1,214	1,188
Electricity	977	960	900
Insurance	407	286	332
Other *	2,113	2,002	1,981
Events Expenses	202	21	211
Marketing	332	319	407
<b>Total Operating Expenses</b>	<b>6,492</b>	<b>4,802</b>	<b>5,019</b>

\* Other Operating Expenditure includes such items as (i) Cleaning (ii) Rates (iii) Recoverable Expenses.

### NOTE 7: DEPRECIATION & AMORTISATION EXPENSE

	2021 (\$000's) Actual	2020 (\$000's) Actual
Buildings and Improvements *	2,912	4,418
Intangibles	153	181
Office Furniture and Equipment	552	484
Plant and Equipment	2,030	1,857
Motor Vehicles	70	39
<b>Total Depreciation &amp; Amortisation Expense</b>	<b>5,717</b>	<b>6,979</b>

\* Change of useful life of buildings.

### NOTE 8: ADMINISTRATIVE EXPENSES

	Actual 2021 (\$000's)	Actual 2020 (\$000's)
Operating Lease Costs	124	127
Other Administrative Expenses	1,132	1,055
<b>Total Administrative Expenses</b>	<b>1,256</b>	<b>1,182</b>



# STATEMENT OF ACCOUNTING POLICIES AND NOTES

## for the Year Ended 30 June 2021

### NOTE 9: INCOME TAX EXPENSE/(BENEFIT)

	Actual 2021 (\$'000's)	Actual 2020 (\$'000's)
<b>A) Operational Surplus /(Deficit) Before Taxation</b>	(542)	(4,562)
Prima Facie Taxation at 28% (2020: 28%)	(152)	(1,277)
Non-Deductible Expenditure	1,246	992
Non Taxable Income	(2,219)	(2,085)
Deferred Tax Adjustment	(911)	796
Recognition of Buildings Tax Base	-	(1,176)
<b>Taxation Expense/(Benefit)</b>	<b>(2,036)</b>	<b>(2,750)</b>
<b>Components of Tax Expense</b>		
Current Taxation	-	-
Deferred Taxation Expense/(Benefit)	(2,036)	(2,750)
<b>Taxation Expenses/(Benefit)</b>	<b>(2,036)</b>	<b>(2,750)</b>

<b>B) Deferred Tax Asset (Liability)</b>	Property, Plant and Equipment (\$'000's)	Employee Entitlement (\$'000's)	Other Provisions (\$'000's)	Tax Losses (\$'000's)	Total (\$'000's)
<b>Balance at 30 June 2019</b>	<b>(17,642)</b>	<b>159</b>	<b>30</b>	<b>7,815</b>	<b>(9,638)</b>
Charged to Surplus or Deficit	666	37	(4)	2,050	2,749
Charged to Other Comprehensive Income	(3,143)	-	-	-	(3,143)
<b>Balance at 30 June 2020</b>	<b>(20,119)</b>	<b>196</b>	<b>26</b>	<b>9,865</b>	<b>(10,032)</b>
Charged to Surplus or Deficit	1,335	(24)	(1)	726	2,036
Charged to Other Comprehensive Revenue and Expense	(680)	-	-	-	(680)
<b>Balance at 30 June 2021</b>	<b>(19,464)</b>	<b>172</b>	<b>25</b>	<b>10,591</b>	<b>(8,676)</b>

### NOTE 10: CASH & CASH EQUIVALENTS

	Actual 2020 (\$'000's)	Actual 2019 (\$'000's)
Cash at Bank	377	533
Cash in Hand	22	19
<b>Total Cash &amp; Cash Equivalents</b>	<b>399</b>	<b>552</b>

The carrying value of cash at bank or till floats approximates their fair value. There is no restriction on their use.



# STATEMENT OF ACCOUNTING POLICIES AND NOTES

## for the Year Ended 30 June 2021

### NOTE 11: INVENTORIES

	Actual 2021 (\$000's)	Actual 2020 (\$000's)
<b>Held for Distribution Inventories</b>		
Chemicals at Cost	10	10
<b>Held for Commercial Inventories</b>		
Merchandise at Cost	172	222
Food & Beverages	219	113
<b>Total Inventories</b>	<b>401</b>	<b>345</b>

There is no write down of inventory during the year. No inventory is pledged as security for liabilities (2020 \$nil).

### NOTE 12: DEBTORS AND OTHER RECEIVABLES

	Actual 2021 (\$000's)	Actual 2020 (\$000's)
Trade Debtors	1,114	327
Accruals	79	147
Provision for Doubtful Receivables	(25)	(2)
Prepayments	181	193
<b>Total Debtors &amp; Other Receivables</b>	<b>1,349</b>	<b>665</b>
Receivables from Non-Exchange Transactions	1,275	203
Receivables from Exchange Transactions	74	462
<b>Total Debtors &amp; Other Receivables</b>	<b>1,349</b>	<b>664</b>

	2021 Gross (\$000's)	Impairment (\$000's)	2021 Net (\$000's)	2020 Gross (\$000's)	Impairment (\$000's)	2020 Net (\$000's)
<b>Trade &amp; Related Parties Debtors</b>						
Not Past Due	891	-	891	264	-	264
Aged Receivables: 31-60 days	207	(12)	196	31	-	31
Aged Receivables: 61-90 days	4	(3)	1	4	-	4
Aged Receivables: Greater than 90 days	-	-	-	29	(2)	27
Past due > 90 days	13	(11)	2	-	-	-
<b>Total</b>	<b>1,114</b>	<b>(25)</b>	<b>1,089</b>	<b>328</b>	<b>(2)</b>	<b>326</b>

### FAIR VALUE

Debtors and Other receivables are non-interest bearing and receipt is normally 30-day term. Therefore, the carrying amount of debtors and other receivables approximates to their fair value.

### IMPAIRMENT

An impairment of \$25,554 was provided for doubtful debt at 30 June 2021. (2020: \$1,650)

No debtor is pledged as security for liabilities (2020: \$nil)



# STATEMENT OF ACCOUNTING POLICIES AND NOTES

## for the Year Ended 30 June 2021

### NOTE 13: INTANGIBLE ASSETS

	Computer Software (\$,000's)	Total (\$,000's)
<b>Cost</b>		
Balance as at 1 July 2019	1,658	1,658
Additions	30	30
Disposals	(2)	(2)
<b>Balance as at 30 June 2020</b>	<b>1,686</b>	<b>1,686</b>
Balance as at 1 July 2020	1,686	1,686
Additions	185	185
Disposals	(4)	(4)
Work In Progress	255	255
<b>Balance as at 30 June 2021</b>	<b>2,122</b>	<b>2,122</b>
<b>Accumulated Amortisation and Impairment</b>		
Balance as at 1 July 2019	(1,062)	(1,062)
Amortisation Charge	(181)	(181)
<b>Balance as at 30 June 2020</b>	<b>(1,243)</b>	<b>(1,243)</b>
Balance as at 1 July 2020	(1,243)	(1,243)
Amortisation charge	(153)	(153)
<b>Balance as at 30 June 2021</b>	<b>(1,396)</b>	<b>(1,396)</b>
<b>Carrying Amounts</b>		
As at 1 July 2019	596	596
As at 30 June 2020	443	443
As at 30 June 2021	727	727

There are no restrictions over the title of intangible assets. No intangible assets are pledged as security for liabilities.



# STATEMENT OF ACCOUNTING POLICIES AND NOTES

## for the Year Ended 30 June 2021

### NOTE 14: PROPERTY, PLANT AND EQUIPMENT

	2020 Cost/ Valuation \$,000's	2020 Accum Depr (\$,000's)	Opening Book Value (\$,000's)	2021 Asset Additions (\$,000's)	2021 Asset Disposals (\$,000's)	Current Depr (\$,000's)	2021 Revaluation (\$,000's)	Cost Reval (\$,000's)	2021 Accum Depr (\$,000's)	2021 Closing Book Value (\$,000's)
<b>At Cost &amp; Valuation</b>										
Land	975	-	975	-	-	-	-	975	-	975
Buildings & Improvements	106,285	-	106,285	1,014	-	(2,912)	-	107,299	(2,912)	104,388
Plant & Equipment	19,729	(4,192)	15,537	1,318	(26)	(2,030)	2,309	17,777	(669)	17,108
Office Furniture & Equipment	2,750	(1,512)	1,239	1,636	(7)	(552)	-	4,379	(2,064)	2,315
Motor Vehicles	473	(148)	324	287	(41)	(70)	-	719	(218)	500
<b>Subtotal</b>	<b>130,212</b>	<b>(5,852)</b>	<b>124,361</b>	<b>4,254</b>	<b>(74)</b>	<b>(5,564)</b>	<b>2,309</b>	<b>131,149</b>	<b>(5,863)</b>	<b>125,286</b>
Work in Progress	1,234	-	1,234	4,081	(4,254)	-	-	1,061	-	1,061
<b>Total</b>	<b>131,446</b>	<b>(5,852)</b>	<b>125,595</b>	<b>8,335</b>	<b>(4,328)</b>	<b>(5,564)</b>	<b>2,309</b>	<b>132,210</b>	<b>(5,863)</b>	<b>126,347</b>

Work in Progress: additional work is shown within the New Assets column and any capitalised assets are shown in Assets Disposed column.

	2019 Cost/ Valuation \$,000's	2019 Accum Depr (\$,000's)	Opening Book Value (\$,000's)	2020 Asset Additions (\$,000's)	2020 Asset Disposals (\$,000's)	Current Depr (\$,000's)	2020 Revaluation (\$,000's)	Cost Reval (\$,000's)	2020 Accum Depr (\$,000's)	2020 Closing Book Value (\$,000's)
<b>At Cost &amp; Valuation</b>										
Land	900	-	900	-	-	-	75	975	-	975
Buildings & Improvement	107,088	(8,711)	98,377	1,115	(18)	(4,415)	11,225	106,286	-	106,286
Plant & Equipment	15,485	(2,531)	12,954	4,563	(119)	(1,859)	-	19,686	(4,149)	15,537
Office Furniture & Equipment	3,308	(2,060)	1,248	507	(32)	(484)	-	2,750	(1,512)	1,239
Motor Vehicles	474	(258)	217	210	(64)	(39)	-	473	(148)	324
<b>Sub Total</b>	<b>127,255</b>	<b>(13,560)</b>	<b>113,696</b>	<b>6,395</b>	<b>(233)</b>	<b>(6,797)</b>	<b>11,300</b>	<b>130,170</b>	<b>(5,809)</b>	<b>124,361</b>
Work in Progress	2,047	-	2,047	5,581	(6,395)	-	-	1,234	-	1,234
<b>Total</b>	<b>129,302</b>	<b>(13,560)</b>	<b>115,743</b>	<b>11,976</b>	<b>(6,628)</b>	<b>(6,797)</b>	<b>11,300</b>	<b>131,404</b>	<b>(5,809)</b>	<b>125,595</b>



# STATEMENT OF ACCOUNTING POLICIES AND NOTES

## for the Year Ended 30 June 2021

### VALUATION

#### Land & Buildings

Land is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values. Adjustments have been made to the "unencumbered" land value where there is a designation against the land or use of the land or the use of the land is restricted because of reserve or endowment status. These adjustments are intended to reflect the negative effect on the value of the land where an owner is unable to use the land more intensively.

Specialised buildings are valued at fair value using Depreciated Replacement Cost (DRC) because no reliable market data is available for such buildings.

Depreciated replacement cost is determined using a number of significant assumptions. Significant assumptions include:

- The replacement asset is based on the replacement with modern equivalent assets with adjustments where appropriate for obsolescence due to over-design or surplus capacity.
- The replacement cost is derived from recent construction contracts of similar assets and Property Institute of New Zealand cost information.
- The remaining useful life of assets is estimated.
- Straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

Non specialised buildings (for example, residential buildings) are valued at fair value using market-based evidence. Market rents and capitalisation rates were applied to reflect market value.

The building valuation was performed by a registered independent valuer, Mairi Macdonald of the firm Quotable Value Limited, and the valuation is effective 30 June 2020.

#### Restrictions

Bay Venues Limited does not own any of the land that Building and Improvements are located on, except for a house at Miro Street. All land is owned by Tauranga City Council, with some of this land being reserve land. As such there are restrictions on both use and disposal of these Buildings and Improvements.

There is no restriction on the other classes of asset in the account and no amount of any property, plant and equipment was pledged as security for liabilities.

#### Plant

The approach utilised is a "fair" or "equitable" value which is reflected as market value for the existing use. Market value being defined as the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Generally values have been calculated utilising either a comparable sales approach or on a depreciated replacement cost basis, whichever was more appropriate. Depreciated replacement cost is defined as the gross current replacement cost reduced by factors providing for age, physical depreciation and technical and functional obsolescence taking into account the assets total estimated useful life and anticipated residual value.

The age of each asset has been established utilising:

- Data provided;
- Research;
- On-site assessment;
- Assessment based on the assets being combined with other fixtures.

The most recent plant valuation was undertaken by Forbes Valuation Limited during May 2021, and the valuation is effective 30 June 2021.

### WORK IN PROGRESS

The total amount of property, plant, and equipment in the course of construction is \$1,061,328 (2020: \$1,233,697).



# STATEMENT OF ACCOUNTING POLICIES AND NOTES

## for the Year Ended 30 June 2021

### NOTE 15: OTHER INVESTMENTS – NON-CURRENT PORTION

	Actual 2021 (\$000's)	Actual 2020 (\$000's)
<b>Related Party Investments</b>		
Depreciation Investment	2,613	1,870
<b>Total Other Investments – Non-Current Portion</b>	<b>2,613</b>	<b>1,870</b>

Bay Venues Limited transfer funds to Tauranga City Council to be held in a depreciation reserve to fund future renewals capital for Bay Venues Limited.

### NOTE 16: EMPLOYEE ENTITLEMENT LIABILITIES

	Actual 2021 (\$000's)	Actual 2020 (\$000's)
Accrued Pay	190	472
Annual Leave	613	699
ACC Employer Contribution	91	93
Payroll Taxes	269	163
<b>Total Employee Entitlements</b>	<b>1,163</b>	<b>1,427</b>

### NOTE 17: CREDITORS AND OTHER PAYABLES

	Actual 2021 (\$000's)	Actual 2020 (\$000's)
Income in Advance	605	1,153
Trade & Other Payables	384	670
Accrued Expenditure	1,984	1,434
Deposits & Bonds	21	13
Other Payables	-	7
GST Payable/(Receivable)	93	107
<b>Total Creditors &amp; Other Payables</b>	<b>3,087</b>	<b>3,384</b>
Payables from Non-Exchange Transactions	1,041	2,392
Payables from Exchange Transactions	2,046	992
<b>Total Creditors &amp; Other Payables</b>	<b>3,087</b>	<b>3,384</b>

Trade and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of trade and other payables approximates their value.

There is a liability calculated by ASB Bank for our Credit Card Clearing account \$19,603 (2020: \$9,556)



# STATEMENT OF ACCOUNTING POLICIES AND NOTES

## for the Year Ended 30 June 2021

### NOTE 18: BORROWINGS

	Actual 2021 (\$000's)	Actual 2020 (\$000's)
<b>Current Borrowings</b>		
University of Waikato Adams Centre for High Performance Loan	1,000	1,000
<b>Non-Current Borrowings</b>		
Loan from Tauranga City Council	18,273	17,112
<b>Total Borrowings</b>	<b>19,273</b>	<b>18,112</b>

### SECURITY

Tauranga City Council loan is unsecured.

Council has agreed to guarantee the University of Waikato Adams Centre for high performance loan on the terms contained in the agreement.

### FINANCE COSTS

Tauranga City Council charge interest at 3.5%. (2020: 5%)

University of Waikato charge interest to the value of 55% of the total rental fee for the High Performance Centre.

### NOTE 19: SHARE CAPITAL

#### Fully paid ordinary shares

	Actual 2021 (\$000's)	Actual 2020 (\$000's)
Balance at Beginning of Financial Year	84,232	84,232
Reclassification of Capital	-	-
<b>Closing Balance of Ordinary Shares Issued</b>	<b>84,232</b>	<b>84,232</b>

- Fully paid ordinary shares carry one vote per share and carry the right to dividends.
- No ready market for these shares so recognised at cost.
- Shares have no par value.
- Bay Venues Limited also holds \$18,000,000 uncalled shares of \$1 per share.
- 84,232,000 ordinary shares at \$1 per share are fully paid out and carry the right to dividends per share.

### NOTE 20: RETAINED EARNINGS

	Actual 2021 (\$000's)	Actual 2020 (\$000's)
<b>Accumulated Funds</b>		
Balance at 1 July 2020	(24,555)	(22,541)
Surplus/(Deficit) for the Year	1,494	(1,812)
Transfer to Trustpower Reserve	(200)	(200)
<b>Balance at 30 June 2021</b>	<b>(23,261)</b>	<b>(24,553)</b>



# STATEMENT OF ACCOUNTING POLICIES AND NOTES

## for the Year Ended 30 June 2021

### NOTE 21: REVALUATION RESERVE

	2021 (\$000's)	2020 (\$000's)
Balance at 1 July 2020	36,505	28,348
Net Revaluation Gains	1,629	8,157
<b>Balance at 30 June 2020</b>	<b>38,134</b>	<b>36,505</b>

### NOTE 22: OTHER RESERVES

	2021 (\$000's)	2020 (\$000's)
Naming Rights	533	333
<b>Total Reserves</b>	<b>533</b>	<b>333</b>

The Naming Rights reflects the Trustpower naming rights arrangement for Trustpower Baypark.

### NOTE 23: CONTINGENCIES

Bay Venues Limited has no contingent liabilities at 30 June 2021 (2020: nil).

Bay Venues Limited has no contingent assets at 30 June 2021 (2020: nil).

Bay Venues Limited has no contingent rent recognised during the year. (2020: nil).

### NOTE 24: RECONCILIATION OF NET SURPLUS/ (DEFICIT) AFTER TAX TO NET CASHFLOW FROM OPERATING ACTIVITIES.

	Actual 2021 (\$000's)	Actual 2020 (\$000's)
<b>Net Surplus / (Deficit) from Statement of Comprehensive Income</b>	<b>1,494</b>	<b>(1,812)</b>
<b>Add/(Deduct) Non-Cash Items</b>		
Depreciation/Amortisation + Loss on Disposal + Reval gain	5,734	6,980
<b>Add/(Deduct) Movements in Working Capital</b>		
Movement in Trade and Other Receivables	(685)	906
Movement in Inventories	(56)	28
Movement in Employee Entitlements	(266)	271
Movement in Trade and Other Payables	(283)	203
Movement in GST Payable	(13)	4
Movement in Deferred Tax Asset	(2,036)	(2,750)
<b>Net Cash Inflow/(Outflow) from Operating Activities</b>	<b>3,889</b>	<b>3,830</b>



# STATEMENT OF ACCOUNTING POLICIES AND NOTES

## for the Year Ended 30 June 2021

### NOTE 25: CAPITAL COMMITMENTS AND OPERATING LEASES

Capital commitments represent capital expenditure contracted for at balance date but not yet incurred.

	Actual 2021 (\$000's)	Actual 2020 (\$000's)
Catering Combi Oven	39	-
Healthy School Lunches Plumbing & Drainage	10	-
<b>Total Capital Commitments</b>	<b>49</b>	<b>-</b>

### OPERATING LEASES AS LESSEE

The Company leases equipment in the normal course of its business for a range of terms from 1 – 60 months. The future aggregate minimum lease payments payable under non-cancellable operating leases are as follows:

	Actual 2021 (\$000's)	Actual 2020 (\$000's)
Not later than one year	74	114
Later than one year and not later than five years	214	10
Later than five years	-	-
<b>Total non-cancellable operating leases</b>	<b>288</b>	<b>124</b>

### OPERATING LEASES AS LESSOR

The Company provides leased office spaces in the normal course of its business. Signed lease agreements are in place for periods from 12 to 180 months.

	Actual 2021 (\$000's)	Actual 2020 (\$000's)
Not later than one year	461	620
Later than one year and not later than five years	925	1,261
Later than five years	581	691
<b>Total Non-cancellable Operating Leases</b>	<b>1,966</b>	<b>2,572</b>

No contingent rents have been recognised during the year (2020: nil).



# STATEMENT OF ACCOUNTING POLICIES AND NOTES

## for the Year Ended 30 June 2021

### NOTE 26: RELATED PARTY TRANSACTIONS

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and condition no more or less favourable than those that it is reasonable to expect the Company would have adopted in dealing with the party at arm's length in the same circumstances.

Related party disclosures have also not been made for transactions with Council (such as funding), where the transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such transactions.

	Actual 2021 (\$000's)	Actual 2020 (\$000's)
<b>Transactions with Key Management Personnel</b>		
Salaries and Other Short Term Employee Benefits	1,070	1,138
Directors Fees and Travel	256	261
<b>Total Key Management Personnel Remuneration</b>	<b>1,326</b>	<b>1,399</b>
<b>Total Full-Time Equivalent Personnel</b>	<b>7</b>	<b>7</b>

Key management personnel include the Board of Directors, Chief Executive, Chief Financial Officer, Commercial Manager, Venues & Programmes Manager and Human Resources Manager. Directors fees and travel excludes meeting costs such as catering. Due to the difficulty in determining the full-time equivalent for all Directors, the full-time equivalent is taken as one.

### NOTE 27: EXPLANATIONS OF MAJOR VARIANCES AGAINST BUDGET

Explanations for major variations from the Company's budget figures in the 2020-21 Financial Statements are as follows:

#### Statement of Comprehensive Revenue and Expense

Operating Revenue was ahead of budget primarily due to a new revenue stream, Healthy School Lunches which was not budgeted. Aquatics revenue was also higher than expected, with higher visitor numbers, despite COVID-19 disruptions.

TCC Renewal Funding was lower than budget due to the Greerton Renewals project being delayed until FY22. Operating Expenditure was higher than budget largely due to unbudgeted Healthy School Lunches expenditure.

### NOTE 28: FINANCIAL INSTRUMENTS

#### Financial Instrument Categories

	Actual 2021 (\$000's)	Actual 2020 (\$000's)
<b>FINANCIAL ASSETS</b>		
Cash & Cash Equivalents	399	553
Debtors and Other Receivables	1,090	666
<b>Total Financial Assets</b>	<b>1,489</b>	<b>1,219</b>
<b>FINANCIAL LIABILITIES</b>		
Creditors and Other Payables	404	2,104
Borrowings - University of Waikato Adams Centre for High Performance Loan	1,000	1,000
Borrowings - Loan from Tauranga City Council Loan	18,273	17,112
<b>Total Financial Liabilities</b>	<b>19,677</b>	<b>20,216</b>



# STATEMENT OF ACCOUNTING POLICIES AND NOTES

## for the Year Ended 30 June 2021

### Financial Instrument Risks

Bay Venues Limited complies with Tauranga City Councils policies to manage the risks associated with financial instruments. Bay Venues Limited is risk averse and seeks to minimize exposure from its financial instruments. Bay Venues Limited complies with Tauranga City Council's established Council approved Liability Management and Investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

#### (a) Market Risk

##### Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. All current borrowings are from Tauranga City Council. The interest rates are fixed annually on 1 July each year.

##### Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Bay Venues Limited only borrows, or invests, with Tauranga City Council.

##### Currency risk

Currency risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in foreign exchange rates.

Bay Venues Limited purchases events from overseas event promoters, which require it to enter into transactions dominated in foreign currencies. As a result of these activities, exposure to currency risk arises.

It is Bay Venues Limited's policy to manage foreign currency risks arising from contractual commitments and liabilities that are above \$20,000 by entering into forward foreign exchange contracts to manage the foreign currency risk. This means that Bay Venues Limited is able to fix the New Zealand dollar amount payable for the delivery of these events.

#### (b) Credit Risk

Credit risk is the risk that a third party will default on its obligations to Bay Venues Limited, causing the company to incur a loss. In the normal course of business, Bay Venues Limited incurs credit risk from accounts receivables only.

The carrying value of financial instruments in the Statement of Financial Position reflects their credit risk exposure. The exposures are net of any recognised provisions for losses on these financial instruments. No collateral is held.

Bay Venues Limited complies with Councils Treasury Policy which permits a minimum credit rating of A for registered banks and other organisations. At 30 June 2021 all financial instruments were held with the New Zealand registered trading banks which are rated AA-.

#### (c) Liquidity Risk

Liquidity risk is the risk that Bay Venues Limited will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities, in Bay Venues Limited case, via funding through Tauranga City Council. Bay Venues Limited mostly manages liquidity risk by continuously monitoring forecast and actual cashflow requirements.



# STATEMENT OF ACCOUNTING POLICIES AND NOTES

## for the Year Ended 30 June 2021

### NOTE 29: EMPLOYEES REMUNERATION EXCEEDING \$100,000

	Actual Number of Employee	
	2021	2020
\$110,001 - \$120,000	2	3
\$120,001 - \$130,000	2	1
\$130,001 - \$140,000	-	-
\$140,001 - \$150,000	-	-
\$150,001 - \$160,000	2	2
\$160,001 - \$170,000	1	-
\$170,001 - \$180,000	-	1
\$180,001 - \$190,000	-	1
\$190,001 - \$200,000	-	1
\$200,001 - \$210,000	1	-
\$270,001 - \$280,000	-	1
\$360,001 - \$370,000*	1	-
<b>Total Number of Employees</b>	<b>9</b>	<b>10</b>

\*Includes base salary, one-off payment, contracted annual bonus & accrued annual leave.

Remuneration includes paid and payable at 30 June 2021.

### NOTE 30: EVENTS OCCURRING AFTER BALANCE DATE

New Zealand went into Covid-19 Level 4 lockdown on Wednesday 18 August. This is a non-adjusting event, and has no impact on the 2021 Annual Report.

### NOTE 31: COVID-19 IMPACT DISCLOSURE

During August and September 2020 and February and March 2021, Auckland moved into Alert Level 3, along with other parts of the country into Alert Level 2. This impacted on the number of visitors to the Bay of Plenty.

At Alert Level 2, Bay Venues enforced stronger social distancing practices and noted lowered patronage at community facilities such as the swimming pools, and use of community halls, as well as the Trustpower Arena. There were no disruptions to infrastructure servicing. Limits on gatherings were enforced, meaning medium to large events were no possible under Level 2. This did not materially affect the amount of user charges collected during the year.



# STATUTORY DISCLOSURES

## STATUTORY DISCLOSURES

### NATURE OF BUSINESS

There have been no changes to the nature of the business of the company.

### CHIEF EXECUTIVE REMUNERATION

Total Remuneration Paid or Payable	2021	2020
\$270,001 - \$280,000	-	1
\$360,001 - \$370,000*	1	-

\*Includes base salary, one-off payment, contracted annual bonus & accrued annual leave.

Directors during the year and directors fees paid and accrued were as follows:

Director	Appointed Date	Resigned Date	Director fees 2021 \$	Travel and Accommodation 2021 \$	Director fees 2020 \$	Travel and Accommodation 2020 \$
Michael Smith (Chair)	01/07/17	31/05/21	59,400	-	63,800	-
Keith Tempest	01/04/13	31/05/21	29,700	-	31,900	-
Kylie Hawker-Green	01/07/17	30/06/21	32,450	1,450	31,900	1,172
Colin Groves	01/05/19	30/06/21	32,450	295	31,900	-
Dr Bruce Bryant	01/05/19	30/06/21	31,900	-	32,450	-
Mary-Anne Macleod (Deputy Chair)	01/05/19	30/06/21	35,200	-	31,900	-
Nick Lowe	01/07/17	N/A	32,450	-	31,900	-
Gareth Wallis	10/05/21	N/A	-	-	-	-

There were no Director Remuneration benefits paid in excess of \$100,000.

### DONATIONS

There were no donations made by the company during the period.

### INTEREST REGISTER

There have been no disclosures of self-interest during the year.



# STATEMENT OF INTENT PERFORMANCE

## BALANCED SCORECARD JUNE 30 2021

Activity	Target	Weighting	Status	Commentary
<b>Health and Safety</b>	Declining trend in facility related incidents measured from previous year.	10%		A declining trend in facility related incidents is evident as of end June 2021 when adjusted for Covid facility closures in previous years.
<b>Asset Management Performance</b>	Rated on zero major service disruptions > 4 hours due to asset maintenance or operational deficiencies.	10%		There have been no major service disruptions over 4 hours to date due to maintenance or operational deficiencies.
<b>Staff Engagement</b>	Maintain staff survey results over previous year as measured by average variance percentage on our 13 key themes.	10%		Results show we are down on all 13 themes by a small margin for the most part but around reward and recognition which we believe is around no pay increases and training this year due to the ramifications from COVID-19. We have met with each business area post our staff survey and will continue to work on actions as a result of the survey to improve staff engagement.
<b>Customer Satisfaction</b>	85% of respondents in annual customer survey are satisfied or higher with the overall customer experience received.	20%		Our annual customer satisfaction survey was completed, and we achieved a 90% satisfied or very satisfied rating from our customers. The Customer Satisfaction Survey was conducted via Survey Monkey, this was sent out to 12,910 customers that use a range of key Bay Venues Facilities. 1398 responses were received with a 2% margin of error at 95% confidence level. In FY22 we will be moving to a customer sentiment tool providing real time customer feedback.
<b>Community Outputs</b>	Provide 13 points of evidence required by TCC as per Schedule A.	20%		We are meeting all requirements outlined in Appendix A of the SOI providing evidence of all 13 areas for community outputs.
<b>Financial Sustainability</b>	Achieve Budgeted EBITDA Non-funded network achieves positive result at NPBT (net profit before tax) level to help subsidise the funded network	10% 10%		Revenue: \$22,964,000 (Budget \$17,429,000) EBITDA: \$1,144,000 (Budgeted Loss (\$1,457,000)) Non-funded Network – A NPBT result in the non-funded network of \$672,000 for FY'21.
<b>Strategic Plan Implementation Actions</b>	85% of FY21 actions from strategic implementation plan are completed.	10%		We have achieved all but three of our objectives for the financial year totalling 90%.

### Traffic Light Status Key

- On track and remaining so
- Off track but likely to be on target at YE
- Off track and needing further monitoring

## FINANCIAL

	20/21 Actual (\$,000's)	20/21 Budget (\$,000's)	19/20 Actual (\$,000's)
Revenue	22,964	17,429	18,605
Less Cost of Goods Sold	2,461	1,214	1,187
<b>Gross Profit</b>	<b>20,503</b>	<b>16,215</b>	<b>17,418</b>
Less Operating Expenditure	19,359	17,672	18,336
<b>EBITDA Surplus</b>	<b>1,144</b>	<b>(1,457)</b>	<b>(918)</b>

### Notes:

- Includes TCC Community Outcome Subsidy, excludes TCC funding for depreciation, debt servicing and renewals.
- Excludes expenditure related to depreciation and debt servicing.
- Revenue includes user fees and charges, other sundry revenue earned and COVID-19 wage subsidy.
- Operating expenditure includes costs relating to employees, administration, marketing, governance, normal business operations and repairs and maintenance.
- Details on the results and variances to budget are reported within the Annual Financial Statements and notes.



# INDEPENDENT AUDITOR'S REPORT

## TO THE READERS OF BAY VENUES LIMITED'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2021

AUDIT NEW ZEALAND  
Mana Arotake Aotearoa

The Auditor-General is the auditor of Bay Venues Limited (the company). The Auditor-General has appointed me, Clarence Susan, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of the company on his behalf.

### OPINION

We have audited:

- the financial statements of the company on pages 10 to 32, that comprise the statement of financial position as at 30 June 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the company on pages 33 to 34.

In our opinion:

- the financial statements of the company on pages 10 to 32:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2021; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards Reduced Disclosure Regime; and
  - the performance information of the company on pages 33 to 34 presents fairly, in all material respects, the company's actual performance compared against the performance targets and other measures by which performance was judged in relation to the company's objectives for the year ended 30 June 2021.

Our audit was completed on 21 September 2021. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors

and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

### BASIS FOR OUR OPINION

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

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

### RESPONSIBILITIES OF THE BOARD OF DIRECTORS FOR THE FINANCIAL STATEMENTS AND THE PERFORMANCE INFORMATION

The Board of Directors is responsible on behalf of the company for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparing the performance information for the company.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board of Directors is responsible on behalf of the company for assessing the company's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Local Government Act 2002.



# INDEPENDENT AUDITOR'S REPORT

## RESPONSIBILITIES OF THE AUDITOR FOR THE AUDIT OF THE FINANCIAL STATEMENTS AND THE PERFORMANCE INFORMATION

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, 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 carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the company's statement of intent.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, 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.
- We 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 company's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- We evaluate the appropriateness of the reported performance information within the company's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company'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 and the performance information 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 company to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of 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.

Our responsibilities arise from the Public Audit Act 2001.



# INDEPENDENT AUDITOR'S REPORT

## OTHER INFORMATION

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 1 to 9, but does not include the financial statements and the performance information, and our auditor's report thereon.

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

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

## INDEPENDENCE

We are independent of the company in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the company.

**Clarence Susan**

Audit New Zealand

On behalf of the Auditor-General

Tauranga, New Zealand





[bayvenues.co.nz](http://bayvenues.co.nz)

