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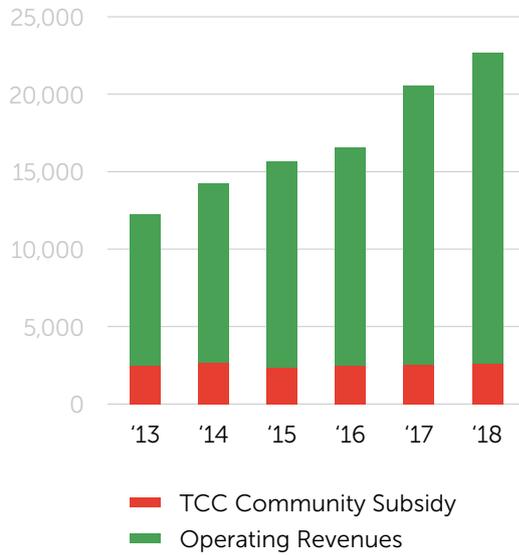




# FINANCIAL HIGHLIGHTS

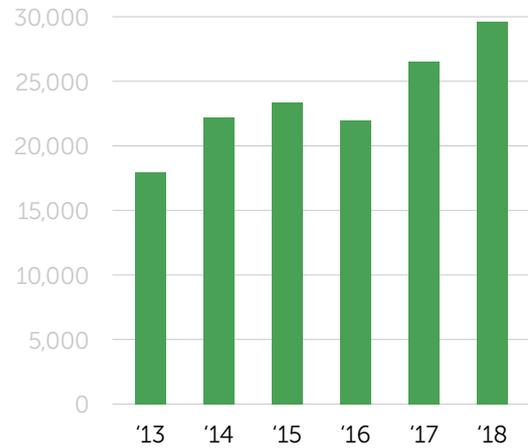
**Revenue 2013 - 2018<sup>1</sup>**

(\$,000's)



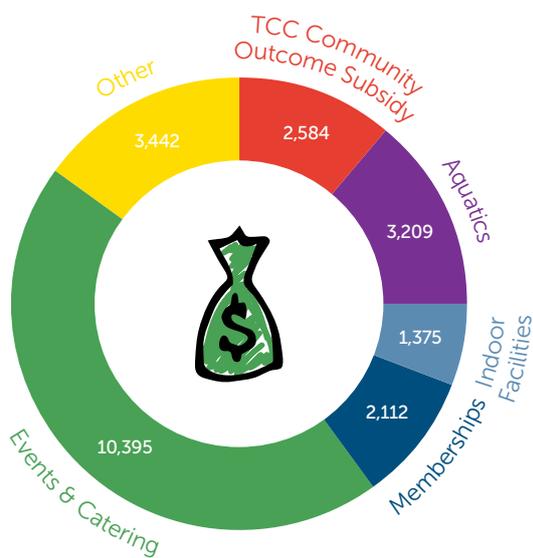
**Operating Expenses 2013 - 2018**

(\$,000's)



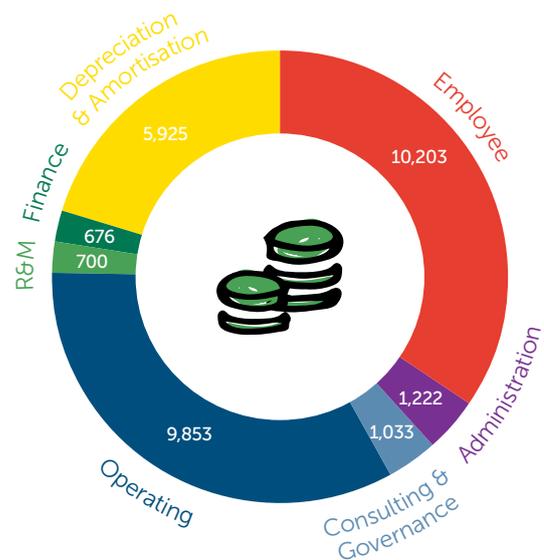
**Revenue 2018<sup>2</sup>**

(\$,000's)



**Expenses 2018**

(\$,000's)

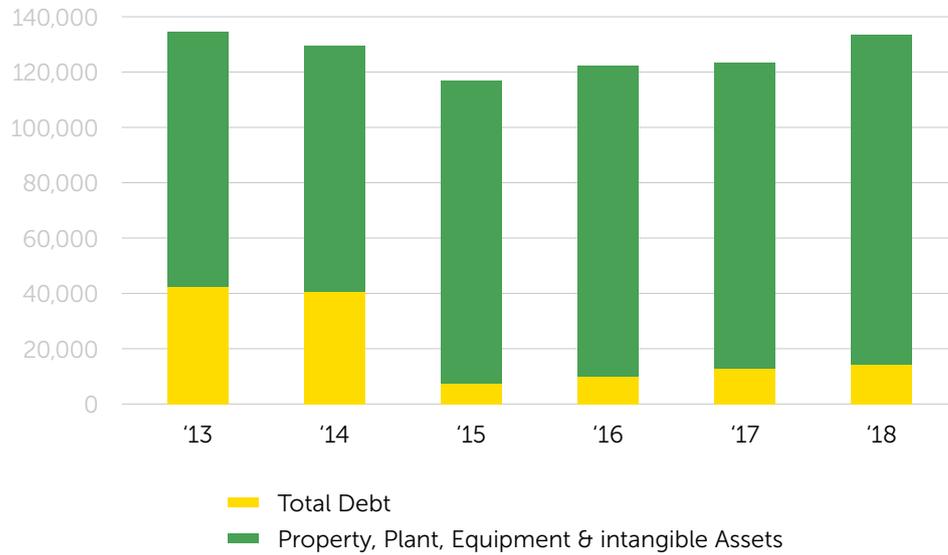


<sup>1</sup> Revenue 2013 - 2018 does not include TCC Renewal Funding, TCC Debt Servicing Grant, or TCC Maintenance Funding.

<sup>2</sup> Revenue 2018 does not include TCC Renewal Funding or the TCC Debt Servicing Grant.

### Assets & Debt 2013 - 2018

(\$,000's)



We employ **178 full time equivalent** (FTE) members of our community within our organisation





# SERVICE DELIVERY & TARGET HIGHLIGHTS

Last year we provided venues, programmes and spaces for nearly **2.1 million users**

|                                   |   |   |   |
|-----------------------------------|---|---|---|
| <b>5</b><br>Aquatic<br>Facilities | <b>11</b><br>Community<br>Centres & Halls | <b>5</b><br>Indoor Sporting<br>& Event Facilities | <b>2</b><br>Other Event &<br>Entertainment Venues |
| <b>741,068</b><br>User Visits     | <b>482,296</b><br>User Visits             | <b>614,844</b><br>User Visits                     | <b>260,444</b><br>User Visits                     |

Our facilities offer 37 different centre-run sport, aquatic and recreation programmes to **over 143,000 customers**

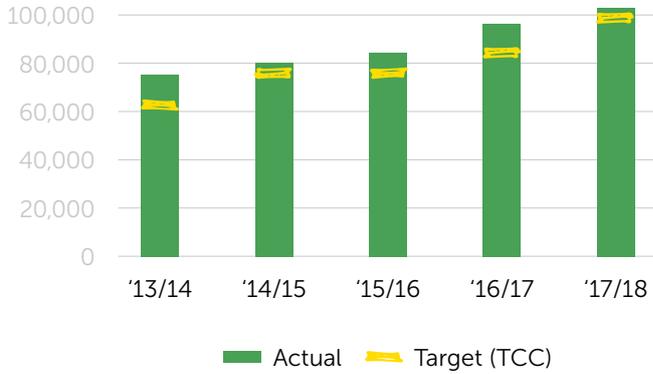
|                             |                             |                             |
|-----------------------------|-----------------------------|-----------------------------|
| Preschool                   | Child/Youth                 | Adults/Seniors              |
| <b>31,093</b><br>Enrolments | <b>80,458</b><br>Enrolments | <b>32,206</b><br>Enrolments |

Our 24 facilities were used for **over 103,000 hours** during the year

|                        |                         |                        |                        |
|------------------------|-------------------------|------------------------|------------------------|
| ASB Arena & Stadium    | Indoor Sport Facilities | Community Centres      | Community Halls        |
| <b>39,603</b><br>Hours | <b>18,290</b><br>Hours  | <b>28,576</b><br>Hours | <b>16,850</b><br>Hours |



**Total Indoor Rec Facilities Hours of Use**



**103,319**

cumulative, YTD

**99,028 | 104%**

BVL Target, 2017/18 YE

**89,280 | 116%**

TCC Target, 2017/18 YE

**Total Network Visits**



**2,098,652**

cumulative, YTD

**1,971,309 | 106%**

BVL Target, 2017/18 YE

**1,819,042 | 115%**

TCC Target, 2017/18 YE

**Our Customers are satisfied or very satisfied with ...**

– 2018 Customer Satisfaction Survey –



**89%**  
of our customers are **very satisfied or satisfied** with their experience.



## STORIES OF THE YEAR

### World Junior Squash Championships 2017

In July 2017, Bay Venues partnered with the organising committee of the World Junior Squash Championships to host athletes at the Queen Elizabeth Youth Centre. We welcomed over 17,000 patrons to view squash within a purpose built glass court within the indoor sports centre. Our Bay Audio Visual team delivered all sound and lighting needs to bring this fantastic international event to Tauranga.

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### AIMS Games

BVL continue to support and work with the AIMS Games organising team to bring together over 10,000 11-13 year old intermediate school students from over 280 schools across the country as well as international visitors from Australia, Tonga and Cook Islands. BVL provides 12 facilities across our network for the Games and is a committed partner in helping to provide this fantastic sporting opportunity for these young athletes.

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## Bay Dreams

We partnered with Pato Entertainment and Audiology again on 2<sup>nd</sup> January 2018 bringing to Tauranga international music acts over four stages throughout the Baypark facility. With the pre-party festival starting on 1<sup>st</sup> January, the sold out festival welcomed 24,000 patrons to listen to some of today's hottest local, national and international music artists.

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## BayStation

We welcomed Blokarts and Drift Trikes to Baypark during the year expanding the offering to visitors when coming to the venue. Drift Trikes are three wheeled trikes powered by an electric front wheel and drifting rear wheels invented right here in the Bay of Plenty, with the well-known Blokarts which are wind powered go-karts making use of the land area at Baypark. It's a great offering for all ages as well as corporate events.

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## Mount Hot Pools

These hot water salt pools are almost an institution to some of our community members and visitors to Tauranga. After the upgrade to some of the areas of the pools we've had some awesome feedback and continue to ensure the ethos and environmental considerations of this facility are top of mind. The four different pools of varying temperatures as well as private spas and massage facilities make this place something that offers people of all ages a great break away from the busyness of life.

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A key measure of our success, as measured by our sole shareholder Tauranga City Council on behalf of the citizens of Tauranga city, is encouraging active use of our venues, thereby improving the quality of life of our community.

Bay Venues is a council-controlled organisation (CCO), which is charged with operating its 24 venues, events and programmes in a commercially sustainable manner for stronger community outcomes.

Our entity was formed in 2013 when it was hosting 1,200,000 visitors and incurring a significant (EBITDA) loss. We are proud to have not only increased our visitor numbers by almost a million to nearly 2,100,000, but also to have maintained a small surplus (EBITDA) without increasing the Tauranga City Council fee (beyond CPI increases) for community service deliverables.

## HEALTH AND SAFETY

Keeping our visitors and staff safe is an absolute priority for the Bay Venues team. We rightly devote considerable time and resources assessing current and future Health and Safety risks, and we are continually improving and adjusting our policies and facilities to reduce risk to an absolute minimum. The Board and Senior Leadership are all actively involved with the management and continuous improvement of our health and safety environment.

## CITY EXPECTATIONS OF BAY VENUES – COMMUNITY OUTCOMES

Tauranga City Council funds Bay Venues to deliver community related outcomes which apply to all activities considered to have community focus under the following broad headings:

### Accessibility

Our Bay Venues facilities are measured in terms of being responsive to evolving community needs, and accessible to as many people within the city as possible.

### Service Levels

The venues and programmes must be safe, welcoming, well maintained and delivering customer-focused service. We monitor and target levels of excellence in customer service.

## Programmes and Service

Our venues must be fully optimised. We are focused on designing, developing and delivering programmes and services to ensure we anticipate evolving trends and generally improve the quality of life for the people of Tauranga.

## COMMERCIAL ACTIVITIES

To help offset the overall operating costs in provision of such comprehensive community programmes, Bay Venues operates a number of its own "in-house" commercial activities such as a swimming school, gyms, catering, events and an audio visual business.

These activities have played a major part in allowing an increase of one million in the number of visitors over the past 5 years, yet not increasing the City Council fee for community service outcomes beyond CPI adjustments.

## INDEPENDENT REVIEW OF BAY VENUES LIMITED (BVL)

When BVL was formed 5 years ago it was determined by Tauranga City Council that a full independent review would be conducted after 4 -5 years to clarify success points, lessons for future direction and provide input into determining a blueprint for future planning. This independent review was conducted during the past 12 months.

The review concluded that Bay Venues had performed very well since its inception and specifically it had delivered well on its undertaking to Council and against the objectives set at its inception.

Beyond this report Bay Venues and Tauranga City Council are currently further refining agreed future objectives including ensuring that Bay Venues has clarity on community outcome expectations, and how best to balance BVL's community and commercial activities.

## FUTURE FACILITY PLANNING

During the past 12 months the Board and Senior Leadership team have been very focused on input into the Tauranga City Council's 10 year plan. The substantial current and forecast growth of the city means it is imperative that Bay Venues, in close collaboration with



the City Council develops plans for its existing facilities in order that they fully meet future needs. To that end Bay Venues has been granted funds by TCC to develop a detailed business and community case for two major projects.

- Comprehensive development of an inner-city community and recreation centre at Memorial Park including redevelopment of aquatic facilities.
- Expansion at Baypark Arena in order to significantly increase capacity for indoor sports, especially school/college capacity, and expansion of the venues conference and event capacity.

## FINANCIAL

The year was challenging from a financial perspective primarily due to significant weather-related impacts on events and/or concerts, also closures of venues for extraordinary maintenance. Notwithstanding the disruption challenges the Board is satisfied with the net outcome (EBITDA) of \$141,000.

During the year a pricing review was conducted to ensure our prices remained consistent with similar venues and programmes within New Zealand. As a result of this review we have adjusted prices (up & down) and where possible simplified the pricing structure to improve efficiency and customer ease of use.

## LEADERSHIP TEAM

I take this opportunity to acknowledge on behalf of the Board the excellent leadership of our Chief Executive Gary Dawson and his very capable senior leadership team.

- **Tina Harris-Ririnui**  
Venue and Programmes Manager
- **Ervin McSweeney**  
Commercial Manager
- **Tania Delahunty**  
Business Performance Manager (to February 2018)
- **Robyn Mills**  
Human Resource Manager

- **Justine Brennan**  
Strategy & High Performance  
Centre Manager
- **Adam Ellmers**  
Chief Financial Officer (from April 2018)

I would also like to pay tribute and acknowledge the high-quality work from the Board and the Board sub-committees.

During the year Bay Venues continued to work in close collaboration with the University of Waikato, with whom we operate the University of Waikato Adams Centre for High Performance.

We enjoy a very close collaborative relationship with our shareholder – Tauranga City Council, and in particular I thank Mayor Greg Brownless, all City Councillors and CEO Garry Poole for their collective ongoing support and guidance.

Finally, I acknowledge the fantastic team that operate Bay Venues. We are all immensely proud of the manner the team provides a safe and welcoming environment to nearly 2,100,000 visitors.

The Board and Management of Bay Venues look forward to the next 12 months and the opportunity to once again deliver exceptional service and superb community outcomes to the people of this great city.

**Peter Farmer**  
Chairman  
Bay Venues Limited



# CHIEF EXECUTIVE'S REPORT



Bay Venues Ltd (BVL) has completed another successful year and continued to make a significant positive contribution to Tauranga and the surrounding region.

Once again BVL hosted the Bay Dreams music festival at Baypark in January. This festival drew a crowd of over 24,000 people with four stages providing world class entertainment. This annual event is now the largest music festival of its kind in New Zealand and makes a significant contribution to the economy of Tauranga.

Baypark's reputation as the premier entertainment hub in the region was further enhanced this year by hosting a number of internationally regarded acts including Bryan Adams who drew around 8,000 people.

The addition of Impact Gymsport in pavilion 1 and the introduction of Drift-Trikes and Blokarts has also added to the profile of Baypark as being a major entertainment and recreation centre.

BVL was very proud to be associated with the World Junior Squash Championships which were held at the Queen Elizabeth Youth Centre using a glass enclosed squash court. Over 17,000 visitors attended this event over a two week period.

The AIMS games hosted in Tauranga is the largest sporting event in New Zealand. BVL continues to play an important role in the success of these games by providing facilities for 12 events and the opening ceremony.

The University of Waikato Adams Centre for High Performance continues to be a leading New Zealand sports facility. A number of international teams from a variety of codes trained at the Centre. Olympic sports of Rugby Sevens along with Surfing and Rock-Climbing who now have their national training teams there, and representative teams from the BOP region were able to train there under the TECT funded scholarship programme.

Not only does BVL excel in providing high profile events and sporting opportunities it also makes a massive contribution to the health and wellbeing of the people of Tauranga.

BVL's contribution to the development and care of young people has continued to grow through our programmes and services covering after-school and holiday care, childcare, and learn to swim classes.

Our community halls, aquatic facilities and sports leagues have experienced high utilisation. Overall we had nearly 2.1 million visitors to our facilities through the year or an average 5,700 people each day. Our facilities were open and available to the community for 103,000 hours of the year.

Baywave was closed for a total of 9 days for unscheduled urgent remedial work to be carried out. This impacted users at Baywave significantly and also had a big effect on our revenue and overall financial result for the year.

Despite this, BVL met or exceeded 88% of the performance targets set down in the service level agreement with Tauranga City Council and met 70% of targets set down in the Statement of Intent Balanced Scorecard.

Customer satisfaction remains high with BVL achieving 89% overall customer satisfaction result in our annual survey.

These results can't be achieved without a very supportive Board of Directors, a skilled and dedicated senior leadership team, and a hard working committed team of staff.

**Gary Dawson**  
Chief Executive  
Bay Venues Limited

# ENRICHING TAURANGA



FOR  
**EVERYONE**



# FINANCIAL STATEMENTS 2017-2018

## STATEMENT OF COMPREHENSIVE REVENUE & EXPENSES for the Year ended 30 June 2018

|  | Note | 2018 Actual<br>(\$,000's) | 2018 Budget<br>(\$,000's) | 2017 Actual<br>(\$,000's) |
|--|------|---------------------------|---------------------------|---------------------------|
| <b>Revenue</b>                                   |      |                           |                           |                           |
| User Revenue                                     | 2    | 19,900                    | 17,391                    | 17,782                    |
| Other Income                                     | 3    | 158                       | 188                       | 187                       |
| TCC Maintenance Funding                          | 2    | 475                       | 25                        | 35                        |
| TCC Operational Grant                            | 2    | 2,584                     | 2,584                     | 2,556                     |
| TCC Debt Servicing Grant                         | 2    | 520                       | 520                       | 520                       |
| TCC Renewal Funding                              | 2    | 3,133                     | 4,017                     | 3,053                     |
| <b>Total Operational Revenue</b>                 |      | <b>26,770</b>             | <b>24,725</b>             | <b>24,133</b>             |
| <b>Expenditure</b>                               |      |                           |                           |                           |
| Employee Expense                                 | 4    | 10,203                    | 10,352                    | 9,819                     |
| Administrative Expense                           | 8    | 1,222                     | 1,398                     | 1,244                     |
| Consulting & Governance Expense                  | 5    | 1,033                     | 464                       | 510                       |
| Operating Expense (incl. COGS)                   | 6    | 9,853                     | 6,672                     | 7,824                     |
| Repairs & Maintenance Expense                    |      | 700                       | 767                       | 676                       |
| Joint Venture Commission                         |      | -                         | -                         | 25                        |
| Finance Costs                                    |      | 676                       | 520                       | 636                       |
| Depreciation & Amortisation Expense              | 7    | 5,925                     | 6,566                     | 5,822                     |
| <b>Total Operating Expenditure</b>               |      | <b>29,612</b>             | <b>26,739</b>             | <b>26,556</b>             |
| Surplus/(Deficit) before Tax                     |      | (2,842)                   | (2,014)                   | (2,423)                   |
| Income Tax Expense/(Benefit)                     | 9    | 1,570                     | -                         | 398                       |
| <b>Surplus/(Deficit) after Tax</b>               |      | <b>(1,272)</b>            | <b>(2,014)</b>            | <b>(2,025)</b>            |
| <b>Other Comprehensive Revenue &amp; Expense</b> |      |                           |                           |                           |
| Gain on Property, Plant & Equipment Revaluation  | 14   | 10,310                    | -                         | -                         |
| Tax on Revaluation                               |      | (2,799)                   | -                         | -                         |
| <b>Total Comprehensive Income for the Year</b>   |      | <b>6,239</b>              | <b>(2,014)</b>            | <b>(2,025)</b>            |

The Notes and Statement of Accounting Policies form part of these Financial Statements.

## STATEMENT OF CHANGES IN EQUITY for the Year ended 30 June 2018

|   | Share<br>Capital<br>(\$,000's) | Retained<br>Earnings<br>(\$,000's) | Revaluation<br>Surplus<br>(\$,000's) | Other<br>Reserves<br>(\$,000's) | Total<br>Equity<br>(\$,000's) |
|---|--------------------------------|------------------------------------|--------------------------------------|---------------------------------|-------------------------------|
| <b>Balance as at 1 July 2016</b>              | <b>86,093</b>                  | <b>(18,345)</b>                    | <b>20,837</b>                        | <b>591</b>                      | <b>89,176</b>                 |
| Surplus or Deficit for the Year               | -                              | (2,024)                            | -                                    | -                               | (2,024)                       |
| Expense School in Pool Reserve                | -                              | 60                                 | -                                    | (60)                            | -                             |
| Reclassify Capital                            | (1,861)                        | 1,861                              | -                                    | -                               | (1)                           |
| Transfer to ASB Reserve                       | -                              | (150)                              | -                                    | 150                             | -                             |
| Total other Comprehensive Income (net of tax) | (1,861)                        | (254)                              | -                                    | 90                              | (2,025)                       |
| <b>Balance as at 30 June 2017</b>             | <b>84,232</b>                  | <b>(18,600)</b>                    | <b>20,837</b>                        | <b>681</b>                      | <b>87,151</b>                 |
| <b>Balance as at 1 July 2017</b>              | <b>84,232</b>                  | <b>(18,600)</b>                    | <b>20,837</b>                        | <b>681</b>                      | <b>87,151</b>                 |
| <b>Comprehensive Income</b>                   |                                |                                    |                                      |                                 |                               |
| Surplus or Deficit for the Year               | -                              | (1,272)                            | -                                    | -                               | (1,272)                       |
| <b>Other Comprehensive Income</b>             |                                |                                    |                                      |                                 |                               |
| Surplus or Deficit for the Year               | -                              | -                                  | 10,310                               | -                               | 10,310                        |
| Tax on Revaluation Gain                       | -                              | -                                  | (2,799)                              | -                               | (2,799)                       |
| Transfer to ASB Reserve                       | -                              | (69)                               | -                                    | 69                              | -                             |
| Total other Comprehensive Income (net of tax) | -                              | (69)                               | 7,511                                | 69                              | 7,511                         |
| <b>Balance at 30 June 2018</b>                | <b>84,232</b>                  | <b>(19,941)</b>                    | <b>28,348</b>                        | <b>750</b>                      | <b>93,389</b>                 |

The Notes and Statement of Accounting Policies form part of these Financial Statements.



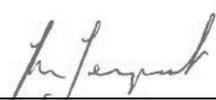
# FINANCIAL STATEMENTS 2017-2018

## STATEMENT OF FINANCIAL POSITION as at 30 June 2018

|   | Note | 2018 Actuals<br>(\$,000's) | 2017 Actuals<br>(\$,000's) |
|---|------|----------------------------|----------------------------|
| <b>ASSETS</b>   |      |                            |                            |
| <b>Current Assets</b>   |      |                            |                            |
| Cash & Cash Equivalents   | 10   | 339                        | 168                        |
| Inventories   | 11   | 324                        | 294                        |
| Debtors & other Receivables   | 12   | 1,595                      | 920                        |
| <b>Total Current Assets</b>   |      | <b>2,258</b>               | <b>1,382</b>               |
| <b>Non-current Assets</b>   |      |                            |                            |
| Other Non-current Assets  | 15   | 726                        | 376                        |
| Intangible Assets   | 13   | 633                        | 703                        |
| Property, Plant & Equipment   | 14   | 118,104                    | 109,906                    |
| <b>Total Non-current Assets</b>   |      | <b>119,463</b>             | <b>110,985</b>             |
| <b>Total Assets</b>   |      | <b>121,721</b>             | <b>112,367</b>             |
| <b>LIABILITIES</b>  |      |                            |                            |
| <b>Current Liabilities</b>  |      |                            |                            |
| Employee Entitlements   | 16   | 1,002                      | 958                        |
| Creditors & other Payables  | 17   | 1,996                      | 2,071                      |
| Borrowings – University of Waikato Adams Centre for High Performance Loan | 18   | 974                        | 957                        |
| <b>Total Current Liabilities</b>  |      | <b>3,972</b>               | <b>3,986</b>               |
| <b>Non-current Liabilities</b>  |      |                            |                            |
| Borrowings  | 18   | 13,839                     | 11,939                     |
| Deferred Tax  | 9    | 10,521                     | 9,292                      |
| <b>Total Non-current Liabilities</b>                                      |      | <b>24,360</b>              | <b>21,231</b>              |
| <b>Total Liabilities</b>  |      | <b>28,332</b>              | <b>25,217</b>              |
| <b>Net Assets</b>   |      | <b>93,389</b>              | <b>87,150</b>              |
| <b>EQUITY</b>   |      |                            |                            |
| Share Capital   | 19   | 84,232                     | 84,232                     |
| Retained Earnings   | 20   | (19,941)                   | (18,600)                   |
| Other Reserves  | 22   | 750                        | 681                        |
| Revaluation Reserves  | 21   | 28,348                     | 20,837                     |
| <b>Total Equity</b>   |      | <b>93,389</b>              | <b>87,150</b>              |

The Notes and Statement of Accounting Policies form part of these Financial Statements.

  
\_\_\_\_\_  
Peter Farmer – Director  
13th August 2018  
Date

  
\_\_\_\_\_  
Keith Tempest – Director  
13th August 2018  
Date

## STATEMENT OF CASHFLOWS for the Year ended 30 June 2018

|   | Note | 2018 Actuals<br>(\$,000's) | 2017 Actuals<br>(\$,000's) |
|---|------|----------------------------|----------------------------|
| <b>OPERATING ACTIVITIES</b>                           |      |                            |                            |
| Cash received from Customers                          |      | 19,288                     | 16,589                     |
| Grants received                                       |      | 6,712                      | 6,164                      |
| Dividend received                                     |      | 18                         | 31                         |
| Cash received from other Sources                      |      | 140                        | 156                        |
|   |      | <b>26,158</b>              | <b>22,940</b>              |
| Payments to Employees                                 |      | (10,159)                   | (9,601)                    |
| Payments to Suppliers                                 |      | (12,919)                   | (11,209)                   |
| Interest paid   |      | (676)                      | (636)                      |
| Goods & Services Tax (net)                            |      | (56)                       | 59                         |
|   |      | <b>(23,810)</b>            | <b>(21,387)</b>            |
| <b>Net Cash from Operating Activities</b>             | 24   | <b>2,348</b>               | <b>1,553</b>               |
| <b>INVESTING ACTIVITIES</b>                           |      |                            |                            |
| Purchase of Property, Plant & Equipment               |      | (3,743)                    | (4,219)                    |
| Depreciation on Investment                            |      | (350)                      | (256)                      |
| <b>Net Cash from Investing Activities</b>             |      | <b>(4,093)</b>             | <b>(4,475)</b>             |
| <b>FINANCE ACTIVITIES</b>                             |      |                            |                            |
| Proceeds from Borrowings                              |      | 16,946                     | 19,485                     |
| Repayment of Borrowings                               |      | (15,030)                   | (16,600)                   |
| <b>Net Cash from Financing Activities</b>             |      | <b>1,916</b>               | <b>2,885</b>               |
| Net Increase/Decrease in Cash held                    |      | 171                        | (37)                       |
| Cash & Cash Equivalents at Beginning of Year          |      | 168                        | 205                        |
| <b>Cash &amp; Cash Equivalents at End of the Year</b> | 10   | <b>339</b>                 | <b>168</b>                 |

The Notes and Statement of Accounting Policies form part of these Financial Statements.



**ENHANCING  
TAURANGA**



BY CREATING FANTASTIC  
**CUSTOMER EXPERIENCES**



# STATEMENT OF ACCOUNTING POLICIES

## 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 2018. The financial statements were authorised for issue by Bay Venues Limited Directors on 13th August 2018.

## 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 & 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 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 and 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 as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.

## 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 aggregate of current period movements in relation to both current and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using the tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

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.



# STATEMENT OF ACCOUNTING POLICIES

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

Current tax and 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

### Finance Leases

A finance lease is a lease that transfers to the lessee substantially all the risks and benefits incidental to the ownership of an asset, whether or not title is eventually transferred.

At the commencement of the lease term, Bay Venues Limited recognises finance leases as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether Bay Venue Limited obtains ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term or its useful life.

### 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.

### Loans and 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 evaluation 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 Quotable Values with the valuation being effective as at 1 July 2017.

### 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 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 which may be outside the range for the class of asset to accurately reflect the useful life of the asset.

| CLASS OF ASSET DEPRECIATED   | Useful Life (Years) | Depreciation Method |
|------------------------------|---------------------|---------------------|
| <b>Operational Assets</b>    |                     |                     |
| Building & Improvements      | 1 - 100             | SL                  |
| Plant & 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 ASSETS | Estimated Useful Life (Years) | Amortisation Rates |
|----------------------------|-------------------------------|--------------------|
| Acquired Computer Software | 4 - 10                        | 10 - 25%           |

## 1.13 IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Intangible assets that have an indefinite useful life, or are not yet available for use, are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for indicators of impairment at each balance date. When there is an indication of impairment the asset's recoverable amount is estimated. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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.



# STATEMENT OF ACCOUNTING POLICIES

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 (other than goodwill) 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 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 of 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 reserve

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

### Other reserves

This reserve relates to the ASB naming rights reserve.

## 1.19 GOODS AND 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 2017/18 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.

### 1.22 EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

Note 27 provides explanations of major variances against budget.

### 1.21 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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.

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

|  | 2018 Actual<br>(\$,000's) | 2018 Budget<br>(\$,000's) | 2017 Actual<br>(\$,000's) |
|--|---------------------------|---------------------------|---------------------------|
| <b>Non-Exchange</b>                              |                           |                           |                           |
| TCC Operational Grant                            | 2,584                     | 2,584                     | 2,556                     |
| TCC Debt Servicing Grant                         | 520                       | 520                       | 520                       |
| TCC Maintenance Grant                            | 475                       | 25                        | 35                        |
| TCC Renewal Funding                              | 3,133                     | 4,017                     | 3,053                     |
| Aquatics   | 3,209                     | 3,166                     | 3,037                     |
| Indoor Facilities                                | 1,375                     | 1,514                     | 1,241                     |
| Childcare  | 214                       | 289                       | 279                       |
| Memberships                                      | 203                       | 239                       | 217                       |
| <b>Total Non-Exchange</b>                        | <b>11,713</b>             | <b>12,354</b>             | <b>10,938</b>             |
| <b>Exchange</b>                                  |                           |                           |                           |
| Memberships                                      | 1,909                     | 1,775                     | 1,764                     |
| Events & Catering                                | 10,395                    | 7,377                     | 8,626                     |
| Other User Fees & Charges                        | 2,753                     | 3,219                     | 2,805                     |
| <b>Total Exchange</b>                            | <b>15,057</b>             | <b>12,371</b>             | <b>13,195</b>             |
| <b>Total Exchange &amp; Non-Exchange Revenue</b> | <b>26,770</b>             | <b>24,725</b>             | <b>24,133</b>             |



# STATEMENT OF ACCOUNTING POLICIES

## NOTE 3: OTHER REVENUE

|                            | 2018 Actual<br>(\$,000's) | 2018 Budget<br>(\$,000's) | 2017 Actual<br>(\$,000's) |
|----------------------------|---------------------------|---------------------------|---------------------------|
| Rental                     | 53                        | 75                        | 20                        |
| Dividends                  | 18                        | 30                        | 31                        |
| Interest received          | -                         | -                         | 52                        |
| Sponsorship                | 87                        | 83                        | 84                        |
| <b>Total other Revenue</b> | <b>158</b>                | <b>188</b>                | <b>187</b>                |

## NOTE 4: EMPLOYEE EXPENSES

|  | 2018 Actual<br>(\$,000's) | 2018 Budget<br>(\$,000's) | 2017 Actual<br>(\$,000's) |
|--|---------------------------|---------------------------|---------------------------|
| Salaries & Wages   | 9,722                     | 10,024                    | 9,283                     |
| Defined Contribution Plan Employer Contributions (KiwiSaver) | 233                       | 230                       | 248                       |
| Other personnel expense                                      | 248                       | 328                       | 288                       |
| <b>Total Employee Expenses</b>                               | <b>10,203</b>             | <b>10,352</b>             | <b>9,819</b>              |

## NOTE 5: CONSULTING AND GOVERNANCE EXPENSES

|   | 2018 Actual<br>(\$,000's) | 2018 Budget<br>(\$,000's) | 2017 Actual<br>(\$,000's) |
|---|---------------------------|---------------------------|---------------------------|
| Audit Fees  | 74                        | 59                        | 61                        |
| Consulting  | 704                       | 130                       | 165                       |
| Director Fees                                     | 226                       | 240                       | 245                       |
| TCC Shared Services                               | 22                        | 22                        | 22                        |
| Tax Advisory                                      | 7                         | 12                        | 17                        |
| <b>Total Consulting &amp; Governance Expenses</b> | <b>1,033</b>              | <b>463</b>                | <b>510</b>                |

## NOTE 6: OPERATING EXPENSES

|                                 | 2018 Actual<br>(\$,000's) | 2018 Budget<br>(\$,000's) | 2017 Actual<br>(\$,000's) |
|---------------------------------|---------------------------|---------------------------|---------------------------|
| Cost of Goods sold              | 1,366                     | 1,198                     | 1,355                     |
| Electricity                     | 945                       | 932                       | 871                       |
| Insurance                       | 220                       | 214                       | 194                       |
| Other                           | 2,631                     | 2,201                     | 2,279                     |
| Events Expenses                 | 4,189                     | 1,630                     | 2,610                     |
| Marketing                       | 502                       | 496                       | 515                       |
| <b>Total Operating Expenses</b> | <b>9,853</b>              | <b>6,672</b>              | <b>7,824</b>              |

**NOTE 7: DEPRECIATION AND AMORTISATION EXPENSE**

|  | 2018 Actual<br>(\$,000's) | 2017 Actual<br>(\$,000's) |
|--|---------------------------|---------------------------|
| Buildings & Improvements                             | 4,280                     | 3,653                     |
| Intangibles  | 199                       | 222                       |
| Office Furniture & Equipment                         | 323                       | 279                       |
| Plant & Equipment                                    | 1,085                     | 1,625                     |
| Motor Vehicles                                       | 38                        | 43                        |
| <b>Total Depreciation &amp; Amortisation Expense</b> | <b>5,925</b>              | <b>5,822</b>              |

**NOTE 8: ADMINISTRATIVE EXPENSES**

|                                   | 2018 Actual<br>(\$,000's) | 2017 Actual<br>(\$,000's) |
|-----------------------------------|---------------------------|---------------------------|
| Operating Lease Costs             | 216                       | 217                       |
| Other Administrative Expenses     | 1,006                     | 1,027                     |
| <b>Taxation Expense/(Benefit)</b> | <b>1,222</b>              | <b>1,244</b>              |

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

| (A) Operational Surplus /(Deficit) before Taxation | 2018 Actual<br>(\$,000's) | 2017 Actual<br>(\$,000's) |
|--|---------------------------|---------------------------|
| Operational Surplus /(Deficit) before Taxation     | (2,842)                   | (2,422)                   |
| Prima Facie Taxation at 28% (2017: 28%)            | (795)                     | (678)                     |
| Non-deductible Expenditure                         | 1,014                     | 879                       |
| Non Taxable Income                                 | (1,826)                   | (1,734)                   |
| Deferred Tax Adjustment                            | 37                        | 1,135                     |
| <b>Taxation Expense/(Benefit)</b>                  | <b>(1,570)</b>            | <b>(398)</b>              |

**Components of Tax Expense**

|                                     |                |              |
|-------------------------------------|----------------|--------------|
| Current Taxation                    | -              | -            |
| Deferred Taxation expense/(benefit) | (1,570)        | (398)        |
| <b>Taxation Expenses/(Benefit)</b>  | <b>(1,570)</b> | <b>(398)</b> |

**(B) Deferred Tax Asset (Liability)**

|  | Property, Plant<br>& Equipment<br>(\$,000's) | Employee<br>Entitlement<br>(\$,000's) | Other<br>Provisions<br>(\$,000's) | Tax losses<br>(\$,000's) | Total<br>(\$,000's) |
|--|--|---------------------------------------|-----------------------------------|--------------------------|---------------------|
| Balance at 30 June 2016                          | (14,187)                                     | 118                                   | 7                                 | 4,371                    | (9,691)             |
| Charged to Surplus or Deficit                    | (1,219)                                      | 24                                    | (11)                              | 1,582                    | 398                 |
| <b>Balance at 30 June 2017</b>                   | <b>(15,406)</b>                              | <b>142</b>                            | <b>18</b>                         | <b>5,952</b>             | <b>(9,293)</b>      |
| Charged to Surplus or Deficit                    | 663  | (6)                                   | 7                                 | 907                      | 1,571               |
| Charged to other comprehensive Revenue & Expense | (2,799)                                      | -                                     | -                                 | -                        | (2,799)             |
| <b>Balance at 30 June 2018</b>                   | <b>(17,542)</b>                              | <b>136</b>                            | <b>25</b>                         | <b>6,860</b>             | <b>(10,521)</b>     |



# STATEMENT OF ACCOUNTING POLICIES

## NOTE 10: CASH AND CASH EQUIVALENTS

|  | 2018 Actual<br>(\$,000's) | 2017 Actual<br>(\$,000's) |
|--|---------------------------|---------------------------|
| Cash                                     | 339                       | 168                       |
| <b>Total Cash &amp; Cash Equivalents</b> | <b>339</b>                | <b>168</b>                |

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

## NOTE 11: INVENTORIES

|  | 2018 Actual<br>(\$,000's) | 2017 Actual<br>(\$,000's) |
|--|---------------------------|---------------------------|
| <b>Held for Distribution Inventories</b> |                           |                           |
| Chemicals at Cost                        | 10                        | 7                         |
| <b>Held for Commercial Inventories</b>   |                           |                           |
| Merchandise at Cost                      | 149                       | 109                       |
| Food & Beverages                         | 165                       | 178                       |
| <b>Total Inventories</b>                 | <b>324</b>                | <b>294</b>                |

There is no write down of inventory during the year. No inventory is pledged as security for liabilities (2017 \$nil).

## NOTE 12: DEBTORS AND OTHER RECEIVABLES

|  | 2018 Actual<br>(\$,000's) | 2017 Actual<br>(\$,000's) |
|--|---------------------------|---------------------------|
| Trade Debtors                                | 1,359                     | 732                       |
| Accruals                                     | 122                       | 123                       |
| GST receivable                               | 57                        | -                         |
| Provision for doubtful Receivables           | (23)                      | (11)                      |
| Prepayments                                  | 80                        | 76                        |
| <b>Total Debtors &amp; other Receivables</b> | <b>1,595</b>              | <b>921</b>                |
| Receivables from Non-Exchange Transactions   | 764                       | 338                       |
| Receivables from Exchange Transactions       | 831                       | 583                       |
| <b>Total Debtors &amp; other Receivables</b> | <b>1,595</b>              | <b>921</b>                |

|  | 2018 Gross<br>(\$,000's) | Impairment<br>(\$,000's) | 2018 Net<br>(\$,000's) | 2017 Gross<br>(\$,000's) | Impairment<br>(\$,000's) | 2017 Net<br>(\$,000's) |
|--|--------------------------|--------------------------|------------------------|--------------------------|--------------------------|------------------------|
| <b>Trade &amp; Related Parties Debtors</b> |                          |                          |                        |                          |                          |                        |
| Not Past Due                               | 547                      | -                        | 547                    | 427                      | -                        | 427                    |
| Aged Receivables: 31 - 60 Days             | 527                      | -                        | 527                    | 170                      | -                        | 170                    |
| Aged Receivables: 61 - 90 Days             | 57                       | -                        | 57                     | 17                       | -                        | 17                     |
| Aged Receivables: greater than 90 Days     | 228                      | (23)                     | 205                    | 119                      | (11)                     | 108                    |
|  | <b>1,359</b>             | <b>(23)</b>              | <b>1,336</b>           | <b>733</b>               | <b>(11)</b>              | <b>722</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 \$22,934 was provided for doubtful debt at 30 June 2018. (2017: \$11,246)

## NOTE 13: INTANGIBLE ASSETS

|   | Goodwill<br>(\$,000's) | Computer<br>Software<br>(\$,000's) | Total<br>(\$,000's) |
|---|------------------------|------------------------------------|---------------------|
| <b>Cost</b>                                     |                        |                                    |                     |
| Balance at 1 July 2016                          | 566                    | 1,234                              | 1,800               |
| Additions                                       | -                      | 154                                | 154                 |
| <b>Balance as at 30 June 2017</b>               | <b>566</b>             | <b>1,388</b>                       | <b>1,954</b>        |
| Balance at 1 July 2017                          | 566                    | 1,388                              | 1,954               |
| Additions                                       | -                      | 129                                | 129                 |
| <b>Balance as at 30 June 2018</b>               | <b>566</b>             | <b>1,517</b>                       | <b>2,083</b>        |
| <b>Accumulate Amortisation &amp; Impairment</b> |                        |                                    |                     |
| Balance as at 1 July 2016                       | (566)                  | (463)                              | (1,029)             |
| Amortisation Charge 2017                        | -                      | (222)                              | (222)               |
| <b>Balance as at 30 June 2017</b>               | <b>(566)</b>           | <b>(685)</b>                       | <b>(1,251)</b>      |
| Balance as at 1 July 2017                       | (566)                  | (685)                              | (1,251)             |
| Amortisation Charge 2018                        | -                      | (199)                              | (199)               |
| <b>Balance as at 30 June 2018</b>               | <b>(566)</b>           | <b>(884)</b>                       | <b>(1,450)</b>      |
| <b>Carrying Amounts</b>                         |                        |                                    |                     |
| As at 1 July 2016                               | -                      | 771                                | 771                 |
| As at 30 June 2017                              | -                      | 703                                | 703                 |
| As at 30 June 2018                              | -                      | 633                                | 633                 |

There are no restrictions over the title of intangible assets. No intangible assets are pledged as security for liabilities. There was no redundant software written off during the year.



# STATEMENT OF ACCOUNTING POLICIES

## NOTE 14: PROPERTY, PLANT AND EQUIPMENT

| Bay Venues Ltd<br>as at 30 June 2018 | 2017<br>Cost/<br>Valuation<br>(\$,000's) | 2017<br>Accum<br>Depr<br>(\$,000's) | Opening<br>Book<br>Value<br>(\$,000's) | 2018<br>Asset<br>Additions<br>(\$,000's) | 2018<br>Asset<br>Disposals<br>(\$,000's) | Current<br>Deprn<br>(\$,000's) | Re-<br>classified<br>(\$,000's) | 2018<br>Re-<br>valuation<br>(\$,000's) | Cost<br>Reval<br>(\$,000's) | 2018<br>Accum<br>Deprn<br>(\$,000's) | 2018<br>Closing<br>Book Value<br>(\$,000's) |
|--------------------------------------|--|-------------------------------------|--|--|--|--------------------------------|---------------------------------|--|-----------------------------|--------------------------------------|---|
| <b>At Cost &amp; Valuation</b>       |  |                                     |  |  |  |                                |                                 |  |                             |                                      |   |
| Land                                 | 585                                      | -                                   | 585                                    | -  | -  | -                              | -                               | 315                                    | 900                         | -                                    | 900   |
| Buildings & Improvements             | 106,526                                  | (10,044)                            | 96,482                                 | 1,485                                    | -  | (4,280)                        | (1,306)                         | 9,924                                  | 106,634                     | (4,328)                              | 102,305                                     |
| Plant & Equipment                    | 14,903                                   | (3,955)                             | 10,948                                 | 1,792                                    | -  | (1,085)                        | 1,306                           | 71                                     | 14,296                      | (1,266)                              | 13,030                                      |
| Office Furniture & Equipment         | 2,592                                    | (1,347)                             | 1,245                                  | 352                                      | -  | (323)                          | -                               | -                                      | 2,948                       | (1,673)                              | 1,276                                       |
| Motor Vehicles                       | 378                                      | (184)                               | 194                                    | 25                                       | -  | (38)                           | -                               | -                                      | 402                         | (222)                                | 180   |
| <b>SubTotal</b>                      | <b>124,984</b>                           | <b>(15,530)</b>                     | <b>109,454</b>                         | <b>3,653</b>                             | <b>-</b>                                 | <b>(5,726)</b>                 | <b>-</b>                        | <b>10,310</b>                          | <b>125,180</b>              | <b>(7,489)</b>                       | <b>117,691</b>                              |
| Work in Progress                     | 452                                      | -                                   | 452                                    | 3,743                                    | (3,782)                                  | -                              | -                               | -                                      | 413                         | -                                    | 413   |
| <b>Total</b>                         | <b>125,436</b>                           | <b>(15,530)</b>                     | <b>109,906</b>                         | <b>7,396</b>                             | <b>(3,782)</b>                           | <b>(5,726)</b>                 | <b>-</b>                        | <b>10,310</b>                          | <b>125,593</b>              | <b>(7,489)</b>                       | <b>118,104</b>                              |

**Work in Progress:** additional work is shown within the New Assets column and any capitalised assets are shown in Assets Disposed column.  
Asset 1087: Baypark Generator has been reclassified from Building improvement to Plant & Equipment.

| Bay Venues Ltd<br>as at 30 June 2017 | 2016<br>Cost/<br>Valuation<br>(\$,000's) | 2016<br>Accum<br>Depr<br>(\$,000's) | Opening<br>Book<br>Value<br>(\$,000's) | 2017<br>Asset<br>Additions<br>(\$,000's) | 2017<br>Asset<br>Disposals<br>(\$,000's) | Current<br>Deprn<br>(\$,000's) | 2017<br>Re-<br>valuation<br>(\$,000's) | Cost<br>Reval<br>(\$,000's) | 2017<br>Accum<br>Deprn<br>(\$,000's) | 2017<br>Closing<br>Book Value<br>(\$,000's) |
|--------------------------------------|--|-------------------------------------|--|--|--|--------------------------------|--|-----------------------------|--------------------------------------|---|
| <b>At Cost</b>                       |  |                                     |  |  |  |                                |  |                             |                                      |   |
| Land                                 | -  | -                                   | -                                      | 585                                      | -  | -                              | -                                      | 585                         | -                                    | 585   |
| Buildings & Improvements             | 103,787                                  | (6,391)                             | 97,396                                 | 2,738                                    | -  | (3,652)                        | -                                      | 106,526                     | (10,044)                             | 96,482                                      |
| Plant & Equipment                    | 13,743                                   | (2,330)                             | 11,413                                 | 1,160                                    | -  | (1,625)                        | -                                      | 14,903                      | (3,955)                              | 10,948                                      |
| Office Furniture & Equipment         | 2,107                                    | (1,068)                             | 1,039                                  | 486                                      | -  | (279)                          | -                                      | 2,592                       | (1,347)                              | 1,245                                       |
| Motor Vehicles                       | 310                                      | (141)                               | 169                                    | 67                                       | -  | (43)                           | -                                      | 378                         | (184)                                | 194   |
| <b>SubTotal</b>                      | <b>119,947</b>                           | <b>(9,930)</b>                      | <b>110,017</b>                         | <b>5,036</b>                             | <b>-</b>                                 | <b>(5,599)</b>                 | <b>-</b>                               | <b>124,984</b>              | <b>(15,530)</b>                      | <b>109,454</b>                              |
| Work in Progress                     | 1,425                                    | -                                   | 1,425                                  | 4,064                                    | (5,037)                                  | -                              | -                                      | 452                         | -                                    | 452   |
| <b>Total</b>                         | <b>121,372</b>                           | <b>(9,930)</b>                      | <b>111,442</b>                         | <b>9,100</b>                             | <b>(5,037)</b>                           | <b>(5,599)</b>                 | <b>-</b>                               | <b>125,436</b>              | <b>(15,530)</b>                      | <b>109,996</b>                              |

## 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 most recent valuation was performed by a registered independent valuer, Mairi Macdonald of the firm Quotable Value Limited, and the valuation is effective 1 July 2017.

### 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 accounts, 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 plant valuation was undertaken by Forbes Valuation, on behalf of Quotable Value Limited during May 2018, and the valuation is effective 1 July 2017.

## WORK IN PROGRESS

The total amount of property, plant, and equipment in the course of construction is \$413,098 (2017 \$452,147).



# STATEMENT OF ACCOUNTING POLICIES

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

|  | 2018 Actual<br>(\$,000's) | 2017 Actual<br>(\$,000's) |
|--|---------------------------|---------------------------|
| <b>Related Party Investments</b>                     |                           |                           |
| Other Investment                                     | 726                       | 326                       |
| <b>Total other Investments – Non Current Portion</b> | <b>726</b>                | <b>326</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

|                                    | 2018 Actual<br>(\$,000's) | 2017 Actual<br>(\$,000's) |
|------------------------------------|---------------------------|---------------------------|
| Accrued Pay                        | 355                       | 316                       |
| Annual Leave                       | 484                       | 507                       |
| ACC Employer Contribution          | 87                        | 63                        |
| Payroll Taxes                      | 76                        | 72                        |
| <b>Total Employee Entitlements</b> | <b>1,002</b>              | <b>958</b>                |

## NOTE 17: CREDITORS & OTHER PAYABLES

|   | 2018 Actual<br>(\$,000's) | 2017 Actual<br>(\$,000's) |
|---|---------------------------|---------------------------|
| Income in Advance                           | 707                       | 701                       |
| Trade & other Payables                      | 428                       | 611                       |
| Accrued Expenditure                         | 845                       | 720                       |
| Deposits & Bonds                            | 12                        | 35                        |
| Other Payables                              | 3                         | -                         |
| GST Payable/(Receivable)                    | -                         | 4                         |
| <b>Total Creditors &amp; other Payables</b> | <b>1,995</b>              | <b>2,071</b>              |
| Payables from Non-Exchange Transactions     | 870                       | 1,067                     |
| Payables from Exchange Transactions         | 1,125                     | 1,004                     |
| <b>Total Creditors &amp; other Payables</b> | <b>1,995</b>              | <b>2,071</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 \$19,348 (2017: \$19,245).

## NOTE 18: BORROWINGS

|   | 2018 Actual<br>(\$,000's) | 2017 Actual<br>(\$,000's) |
|---|---------------------------|---------------------------|
| <b>Current Borrowings</b>                               |                           |                           |
| University of Waikato Adams Centre for High Performance | 974                       | 957                       |
| <b>Non current Borrowings</b>                           |                           |                           |
| Loan from Tauranga City Council                         | 13,107                    | 11,248                    |
| Tauranga Energy Consumer Trust                          | 732                       | 691                       |
| <b>Total Borrowings</b>                                 | <b>13,839</b>             | <b>11,939</b>             |

## SECURITY

Tauranga City Council loan is unsecured.

Tauranga Energy Consumer Trust loan is secured by way of security stock by Tauranga City Council. The Council's secured loans are secured over either separate or general rates of the Council.

## NOTE 19: SHARE CAPITAL

| (A) Fully paid ordinary shares         | 2018 Actual<br>(\$,000's) | 2017 Actual<br>(\$,000's) |
|--|---------------------------|---------------------------|
| Balance at Beginning of Financial Year | 84,232                    | 86,093                    |
| Reclassification of Capital            | -                         | (1,861)                   |
| <b>Total Closing Share Capital</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.
- 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.
- Shares have no par value.

## NOTE 20: RETAINED EARNINGS

|                                       | 2018 Actual<br>(\$,000's) | 2017 Actual<br>(\$,000's) |
|---------------------------------------|---------------------------|---------------------------|
| <b>Accumulated Funds</b>              |                           |                           |
| Balance at 1 July                     | (18,600)                  | (18,345)                  |
| Surplus/(Deficit) for the year        | (1,272)                   | (2,025)                   |
| Transfer to ASB Reserve               | (69)                      | (150)                     |
| Transfer to School in Pool Reserve    | -                         | 60                        |
| Reclassification of Capital (Note 18) | -                         | 1,860                     |
| <b>Balance 30 June</b>                | <b>(19,941)</b>           | <b>(18,600)</b>           |



# STATEMENT OF ACCOUNTING POLICIES

## NOTE 21: REVALUATION RESERVE

|                           | 2018 Actual<br>(\$,000's) | 2017 Actual<br>(\$,000's) |
|---------------------------|---------------------------|---------------------------|
| Balance at 1 July         | 20,837                    | 20,837                    |
| Net revaluation gains     | 7,511                     | -                         |
| <b>Balance at 30 June</b> | <b>28,348</b>             | <b>20,837</b>             |

## NOTE 22: OTHER RESERVES

|                           | 2018 Actual<br>(\$,000's) | 2017 Actual<br>(\$,000's) |
|---------------------------|---------------------------|---------------------------|
| ASB Naming Rights         | 750                       | 681                       |
| <b>Balance at 30 June</b> | <b>750</b>                | <b>681</b>                |

The ASB Naming Rights reflects the naming rights arrangement for the ASB Arena.

## NOTE 23: CONTINGENCIES

Bay Venues Limited has no contingent liabilities at 30 June 2018 (2017: nil).

Bay Venues Limited has no contingent assets at 30 June 2018 (2017: nil).

Bay Venues Limited has no contingent rent recognised during the year. (2017: nil)

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

|  | 2018 Actual<br>(\$,000's) | 2017 Actual<br>(\$,000's) |
|--|---------------------------|---------------------------|
| Net Surplus / (Deficit) from Statement of Comprehensive Income       | (1,272)                   | (2,025)                   |
| Add/(Deduct) Non-Cash Items  |                           |                           |
| Depreciation / Amortisation plus Loss on Disposal + Revaluation gain | 5,925                     | 5,822                     |
| <b>Add/(Deduct) Movements in Working Capital</b>                     |                           |                           |
| Movement in Trade and Other Receivables                              | (618)                     | 86                        |
| Movement in Inventories  | (30)                      | (13)                      |
| Movement in Employee Entitlements                                    | 44                        | 218                       |
| Movement in Trade & other Payables                                   | (75)                      | (2,197)                   |
| Movement in GST Payable  | (56)                      | 59                        |
| Movement in Deferred Tax Asset                                       | (1,570)                   | (398)                     |
| <b>Net Cash from Operating Activities</b>                            | <b>2,348</b>              | <b>1,552</b>              |

## NOTE 25: CAPITAL COMMITMENTS & OPERATING LEASES

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

|   | 2018 Actual<br>(\$,000's) | 2017 Actual<br>(\$,000's) |
|---|---------------------------|---------------------------|
| Greerton Aquatic Centre Flatfloor Space | -                         | 336                       |
| Roading Network                         | 244                       | -                         |
| Childcare Upgrade                       | 55                        | 55                        |
| Baypark - Pavilion                      | -                         | 9                         |
| Buildings                               | -                         | 52                        |
| <b>Total Capital Commitments</b>        | <b>299</b>                | <b>455</b>                |

## FINANCE LEASES AS LESSEE

The Company leases computer servers in the normal course of its business for a range of terms from 3 - 60 months. The future aggregate minimum lease payments payable under non-cancellable finance leases are as follows:

|   | 2018 Actual<br>(\$,000's) | 2017 Actual<br>(\$,000's) |
|---|---------------------------|---------------------------|
| Not later than one year                           | 61                        | 102                       |
| Later than one year and not later than five years | -                         | 55                        |
| Later than five years                             | -                         | -                         |
| <b>Total Finance Leases as Lessee</b>             | <b>61</b>                 | <b>157</b>                |

## OPERATING LEASES AS LESSEE

The Company leases equipment in the normal course of its business for a range of terms from 3 - 60 months. The future aggregate minimum lease payments payable under non-cancellable operating leases are as follows:

|   | 2018 Actual<br>(\$,000's) | 2017 Actual<br>(\$,000's) |
|---|---------------------------|---------------------------|
| Not later than one year                           | 127                       | 155                       |
| Later than one year and not later than five years | 205                       | 300                       |
| Later than five years                             | -                         | -                         |
| <b>Total Operating Leases as Lessee</b>           | <b>332</b>                | <b>455</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 72 months.

|   | 2018 Actual<br>(\$,000's) | 2017 Actual<br>(\$,000's) |
|---|---------------------------|---------------------------|
| Not later than one year                           | 564                       | 375                       |
| Later than one year and not later than five years | 1,543                     | 1,057                     |
| Later than five years                             | 1,044                     | 819                       |
| <b>Total Non-cancellable Operating Leases</b>     | <b>3,151</b>              | <b>2,251</b>              |

No contingent rents have been recognised during the year (2017: nil).



# STATEMENT OF ACCOUNTING POLICIES

## 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.

|  | 2018 Actual<br>(\$,000's) | 2017 Actual<br>(\$,000's) |
|--|---------------------------|---------------------------|
| <b>Transactions with Key Management Personnel</b>  |                           |                           |
| Salaries & other Short Term Employee Benefits      | 970                       | 942                       |
| Directors Fees & Travel                            | 211                       | 245                       |
| <b>Total Key Management Personnel Remuneration</b> | <b>1,181</b>              | <b>1,187</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, Strategy & High Performance 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.

There is an Independent chairperson serving on the University of Waikato Adam Centre for High Performance Advisory Board.

## NOTE 27: EXPLANATIONS OF MAJOR VARIANCES AGAINST BUDGET

Explanations for major variations from the Company's budget figures in the 2017-18 Financial Statements are as follows:

### Statement of Comprehensive Revenue and Expense

Operating revenue exceeded budget due to an event held at the ASB Arena, which performed significantly better than was anticipated at the time of the budget being developed. The operating expenses relating to this event are also significantly higher than budget.

Consulting fees include significant expenditure for repairs and maintenance during the year. This has also been reflected in revenue as TCC Maintenance Funding.

TCC Renewal Funding was lower than budget due to a small number of high value capital projects being delayed to the 2018-19 financial year.

## NOTE 28: FINANCIAL INSTRUMENTS

| (A) Financial Instrument Categories                                       | 2018 Actual<br>(\$,000's) | 2017 Actual<br>(\$,000's) |
|---|---------------------------|---------------------------|
| <b>FINANCIAL ASSETS</b>   |                           |                           |
| <b>Loans &amp; Receivables</b>  |                           |                           |
| Cash & Cash Equivalents   | 339                       | 168                       |
| Debtors & Other Receivables   | 1,459                     | 845                       |
| <b>Total Financial Assets</b>   | <b>1,798</b>              | <b>1,013</b>              |
| <b>FINANCIAL LIABILITIES</b>  |                           |                           |
| <b>Financial Liabilities at amortised Cost</b>                            |                           |                           |
| Creditors & other Payables  | 1,273                     | 1,331                     |
| Borrowings – University of Waikato Adams Centre for High Performance Loan | 974                       | 957                       |
| Borrowings – TCC Loan   | 13,107                    | 11,248                    |
| Borrowings – Tauranga Energy Consumer Trust                               | 732                       | 691                       |
| <b>Total Financial Liabilities</b>  | <b>16,086</b>             | <b>14,227</b>             |

### (B) 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.

The carrying amounts of financial assets and liabilities in each of the financial instrument categories are as follows:

#### (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. Bay Venues Limited does not borrow externally. All 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 of financial instruments in the Statement of Financial Position reflects their credit risk exposure. The exposures are net of any recognized provisions for losses on these financial instruments. No collateral is held.



# STATEMENT OF ACCOUNTING POLICIES

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 2018 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.

|   | 2018 Actual<br>(\$,000's) | 2017 Actual<br>(\$,000's) |
|---|---------------------------|---------------------------|
| <b>Financial Assets</b>   |                           |                           |
| Cash & Cash Equivalents   | 339                       | 168                       |
| Debtors & other Receivables   | 1,459                     | 845                       |
| <b>Total Financial Assets</b>   | <b>1,798</b>              | <b>1,013</b>              |
| <b>Financial Liabilities</b>  |                           |                           |
| Creditors & other Payables  | 1,273                     | 1,331                     |
| Borrowings – University of Waikato Adams Centre for High Performance Loan | 974                       | 957                       |
| Borrowings – TCC Loan   | 13,107                    | 11,248                    |
| Borrowings – Tauranga Energy Consumer Trust – Adams Centre Loan           | 732                       | 691                       |
| <b>Total Financial Liabilities</b>  | <b>16,086</b>             | <b>14,227</b>             |

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

|                                  | Number of Employee |             |
|----------------------------------|--------------------|-------------|
|                                  | 2018 Actual        | 2017 Actual |
| \$100,000 - \$110,000            | 1                  | 2           |
| \$110,001 - \$120,000            | 2                  | 1           |
| \$120,001 - \$130,000            | 2                  | -           |
| \$130,001 - \$140,000            | -                  | -           |
| \$140,001 - \$150,000            | 1                  | 3           |
| \$150,001 - \$160,000            | -                  | 1           |
| \$160,001 - \$170,000            | 2                  | -           |
| \$170,001 - \$180,000            | -                  | -           |
| \$230,001 - \$240,000            | -                  | 1           |
| \$260,001 - \$270,000            | 1                  | -           |
| <b>Total Number of Employees</b> | <b>9</b>           | <b>8</b>    |

Remuneration includes paid and payable at 30 June 2018.

## NOTE 30: EVENTS OCCURRING AFTER BALANCE DATE

There are no adjusting events occurring after balance date.

## 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 | 2018 | 2017 |
|------------------------------------|------|------|
| 230,001 - 240,000                  | -    | 1    |
| 260,001 - 270,000                  | 1    | -    |

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

| Director             | Appointed Date | Resigned Date    | 2018               |                             | 2017               |                             |
|----------------------|----------------|------------------|--------------------|-----------------------------|--------------------|-----------------------------|
|                      |                |                  | Director Fees (\$) | Travel & Accommodation (\$) | Director Fees (\$) | Travel & Accommodation (\$) |
| Peter Farmer (Chair) | 1 April 2013   | Still a Director | 55,000             | -                           | 55,000             | -                           |
| Keith Tempest        | 1 April 2013   | Still a Director | 30,000             | -                           | 30,000             | -                           |
| Murray Gutry         | 1 April 2013   | Still a Director | 30,000             | 4,085                       | 30,000             | 1,872                       |
| Michael Smith        | 1 July 2017    | Still a Director | 30,000             | -                           | -                  | -                           |
| Kylie Hawker Green   | 1 July 2017    | Still a Director | 30,000             | 1,614                       | -                  | -                           |
| Nick Lowe            | 1 July 2017    | Still a Director | 30,000             | -                           | -                  | -                           |

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

Director fees were paid to one Director of Adam Centre Advisory Board on behalf of Bay Venues Limited but she is not a director of Bay Venues Limited.

### 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.

**ENHANCING  
THE QUALITY OF LIFE**



OF TAURANGA'S PEOPLE  
**NOW AND INTO THE FUTURE**



# STATEMENT OF INTENT PERFORMANCE

## BALANCED SCORECARD

| Activity                        | Target   | Weighting | Status | Comment   |
|---------------------------------|--|-----------|--------|---|
| <b>Staff H&amp;S</b>            | Ensure comprehensive H & S systems are in place, and show compliance and culture commensurate with a zero injury outcome.        | 5%        |        | ecoPortal Health and Safety, Risk Management software implemented offering cloud based management tools to ensure staff, contractors and customers are kept safe and well.                                    |
| <b>Customers H&amp;S</b>        | Maintain ACC WSMP Tertiary status.   | 5%        |        | Our accreditation is to 31st January 2019. Worksafe no longer runs this programme. All standards that were in place at the time of assessment remain in place along with continuous improvement.              |
| <b>Asset Management</b>         | Rated on zero major service disruptions > 4 hours due to asset maintenance or operational deficiencies.                          | 10%       |        | No shutdowns during the year due to asset maintenance or operational deficiencies as a result of continued focus on management of our assets.   |
| <b>Capital Expenditure</b>      | Rated on 80% of CAPEX projects > \$ 50k are on time and within budget, conditional on overall CAPEX is within budget.            | 5%        |        | Of the two capital projects initiated this year, both ran slightly over budget due to timing and availability of contractors to complete. Our overall capital budget did not exceed due to deferrals in work. |
| <b>People – Permanent Staff</b> | Staff Turnover below 28% per annum.  | 10%       |        | We ended the year above 28% at 32.2% staff turnover for full time and part time permanent staff.  |
| <b>Customer Satisfaction</b>    | Rated on Customer Survey with > 85 % rating satisfied or higher.   | 15%       |        | 89% overall customer satisfaction was achieved through our annual survey conducted by DELVE.  |
| <b>Community Outcomes</b>       | Meet at least 85 % of the TCC Services Agreement targets.  | 20%       |        | 88% of the community outcomes were achieved as outlined in the evidence attached. Of the 33 measures in the SLA, 4 were not achieved.   |
| <b>Events</b>                   | <ul style="list-style-type: none"> <li>• 6 Major events at ASB Baypark Stadium</li> <li>• 6 Major events of ASB Arena</li> </ul> | 10%       |        | <ul style="list-style-type: none"> <li>• 17 major events held at Baypark Stadium</li> <li>• 11 major events held at Baypark Arena</li> </ul>  |
| <b>Financial</b>                |  |           |        |   |
| • Revenue ('000)                | Achieve \$20,171   | 10%       |        | Revenue: \$23,117   |
| • EBITDA ('000)                 | Achieve \$533  | 10%       |        | EBITDA: \$141   |



# STATEMENT OF INTENT PERFORMANCE

## FINANCIAL

|                            | 2016/17 Actual<br>(\$,000's) | 2017/18 Budget<br>(\$,000's) | 2017/18 Actual<br>(\$,000's) |
|----------------------------|------------------------------|------------------------------|------------------------------|
| Revenue                    | 20,560                       | 20,188                       | 23,117                       |
| Less Cost of Goods Sold    | 1,355                        | 1,198                        | 1,366                        |
| <b>Gross Profit</b>        | <b>19,205</b>                | <b>18,990</b>                | <b>21,751</b>                |
| Less Operating Expenditure | 18,742                       | 18,455                       | 21,610                       |
| <b>EBITDA Surplus</b>      | <b>463</b>                   | <b>535</b>                   | <b>141</b>                   |

### Notes:

- Includes TCC Community Outcome Subsidy for service and excludes TCC funding for depreciation, debt servicing and renewals. Excludes expenditure related to depreciation and debt servicing.
- Revenue includes user fees and charges and other sundry revenue earned.
- 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.
- Extraordinary consulting fees of \$34,000 have been excluded from the operating EBITDA result.



# INDEPENDENT AUDITOR'S REPORT

## TO THE READERS OF BAY VENUES LIMITED'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2018

AUDIT NEW ZEALAND  
Mana Arotake Aotearoa

The Auditor-General is the auditor of Bay Venues Limited (the company). The Auditor-General has appointed me, B H Halford, 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 13 to 35, that comprise the statement of financial position as at 30 June 2018, the statement of comprehensive revenue and expenses, 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 38 to 39.

In our opinion:

- the financial statements of the company on pages 13 to 35:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2018; 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 Standards Reduced Disclosure Regime; and
- the performance information of the company on pages 38 to 39 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 2018.

Our audit was completed on 10 August 2018. 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.



# INDEPENDENT AUDITOR'S REPORT

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

## **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.

## OTHER INFORMATION

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 3 to 11 and page 36, 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(Revised): 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.



**B H Halford**  
Audit New Zealand  
On behalf of the Auditor-General  
Tauranga, New Zealand

