



BAY VENUES FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

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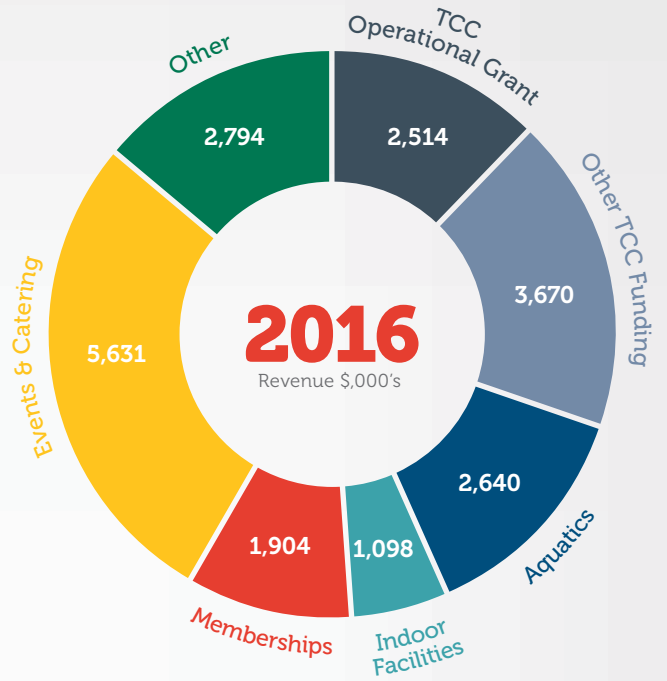
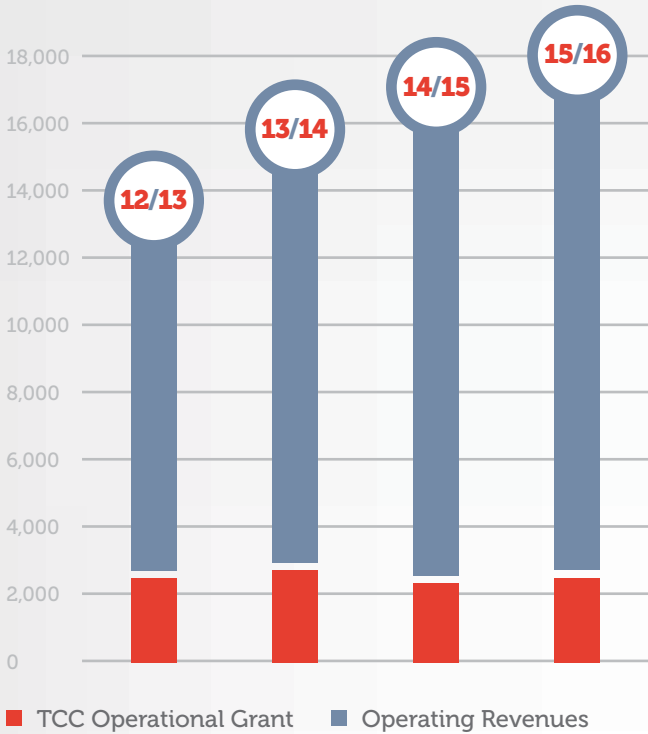
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FINANCIAL HIGHLIGHTS

REVENUE

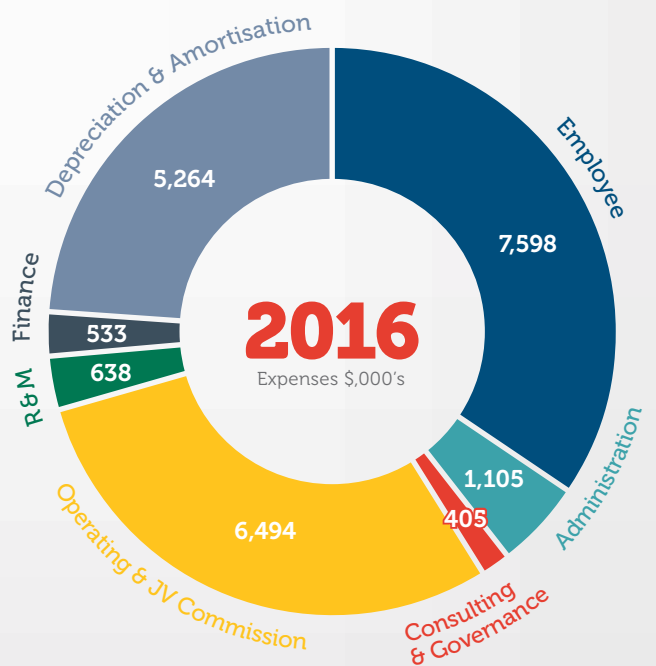
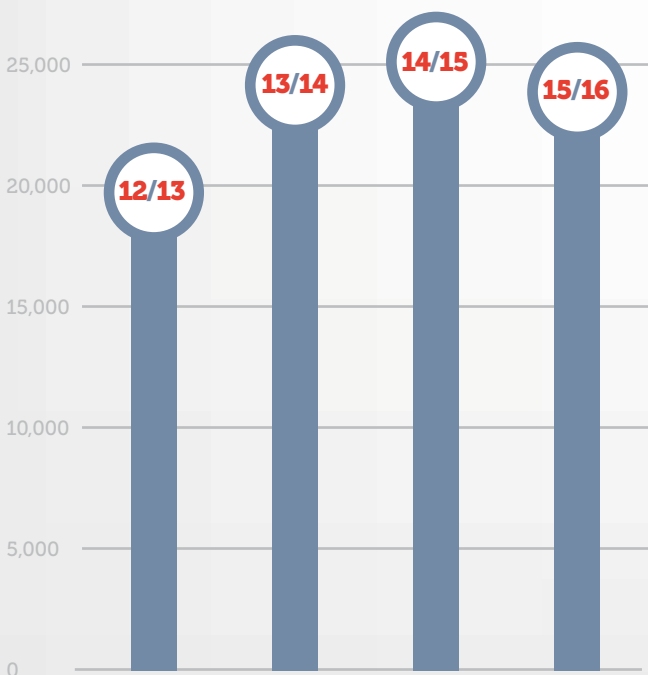
\$,000's



Revenue 2013 - 2016 does not include TCC Capital Funding or the TCC Debt Servicing Grant.

OPERATING EXPENSES

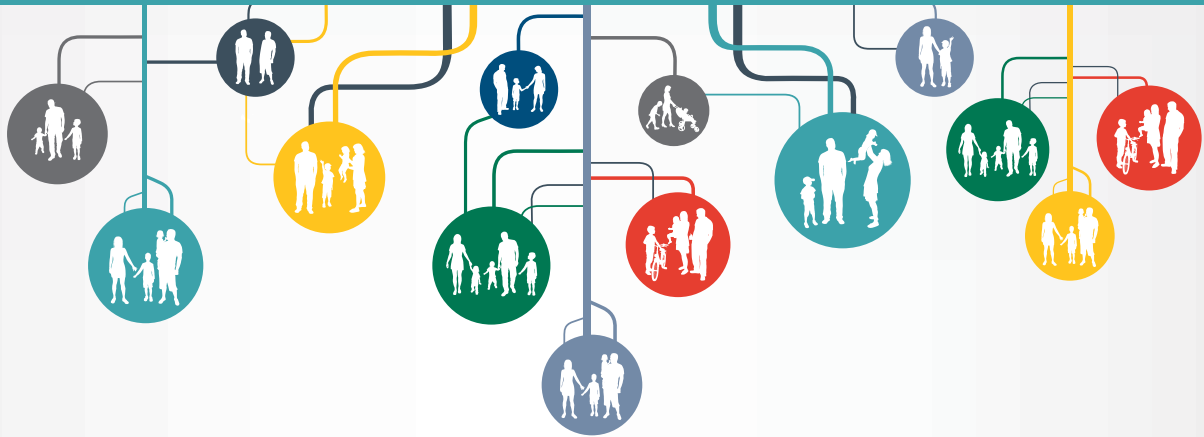
\$,000's



Refer Note 26: Depreciation is not budgeted for by BVL as it is budgeted and funded by TCC. From the 17/18 financial year, BVL will budget for depreciation expense.



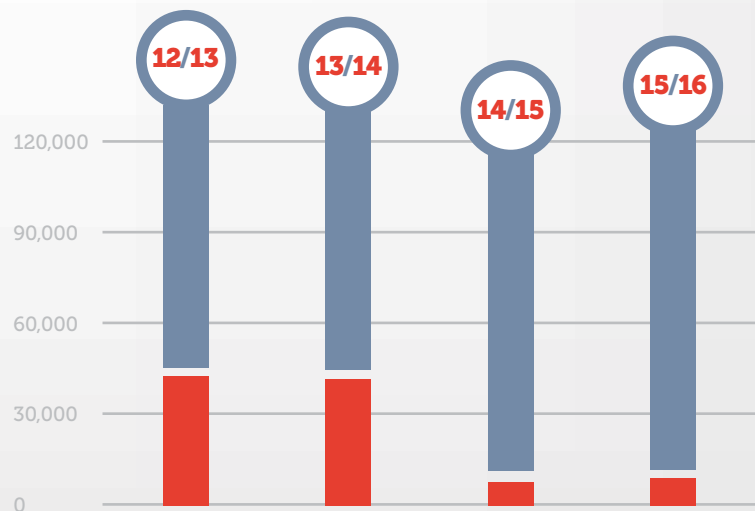
We employ **277 people** within our community on a full-time, part-time and casual basis.



ASSETS* & DEBT**

\$,000's

- Assets
- Debt



* Property, Plant, Equipment & Intangible Assets
 ** Total Debt

\$7,862,000

Total amount Bay Venues invested in **Capital Projects** during the year.
Some of our major projects completed or underway are shown here.



 THE UNIVERSITY OF WAIKATO
ADAMS CENTRE
FOR HIGH PERFORMANCE



 MOUNT
HOT POOLS



CLUBfit



ASB | ARENA

Project Funding

\$4,270,370

Upgrades

\$219,084

Upgrades

\$125,232

PA System

\$203,196





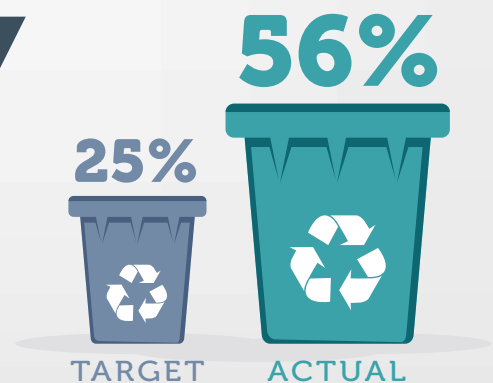
SERVICE DELIVERY & TARGET HIGHLIGHTS



| | | |
|------------------------------------|------------------|-------|
| Aquatic Facilities | = 729,000 | users |
| Community Centres & Halls | = 360,400 | users |
| Indoor Sporting & Event Facilities | = 657,800 | users |
| Other Event & Wellbeing Centres | = 106,250 | users |

We are working hard on our Sustainability Targets

Our target was to divert **25%** of our waste from landfill to recycling – we achieved **56%**



Our Facilities offer 24 different centre-run sport & recreation programmes to over **42,900 enrolled customers**



Preschool

21,850



Child / Youth

18,300



Adult / Senior

2,800

Our five Aquatic Facilities were used by over **40,900 children** to learn & have fun



School Programmes

23,130



BaySwim – Learn to Swim

8,380



Other Programmes

9,440

ASB Arena offered spaces for a range of activities for over **420,000 user visits**



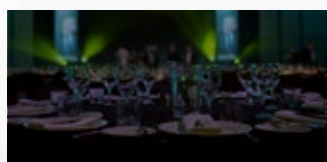
Sports Tournaments

61,000



BVL Run Programmes

109,000



Events

112,000

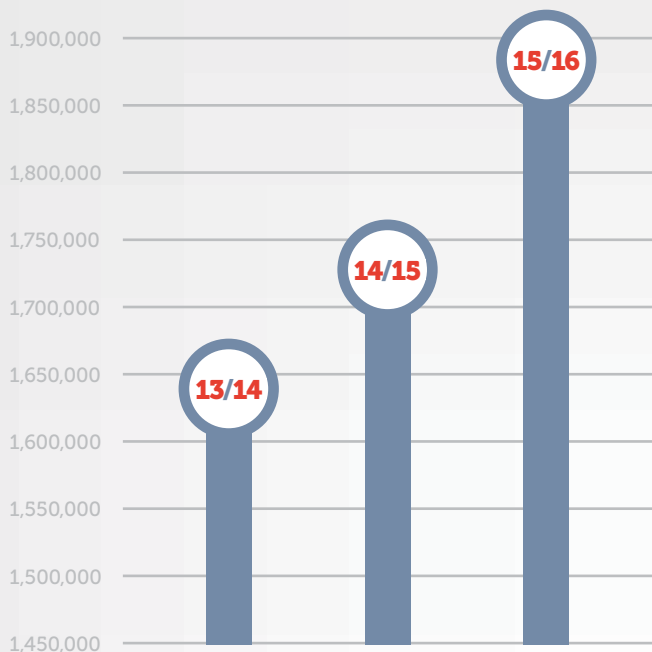


Community Events

141,860

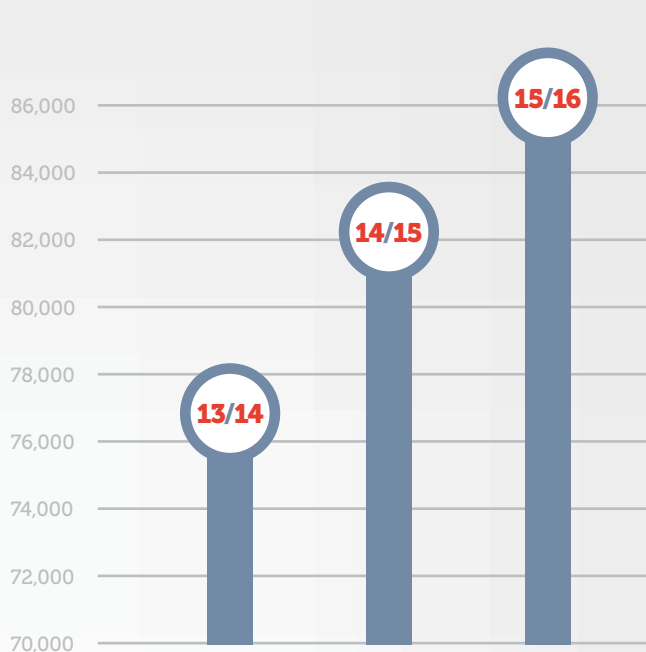
TOTAL NETWORK VISITS

Actual



TOTAL INDOOR RECREATION FACILITIES HOURS OF USE

Actual



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

Accessibility & Availability



Provision & Condition



Customer Service Received



Cleanliness of Facility



Quality of Facility

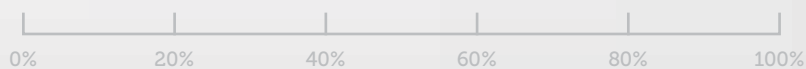


Our customers are **likely or very likely** to...

Recommend the Facility



2016 Customer Satisfaction Survey





CHAIRPERSON'S REPORT

This is an exciting period for Tauranga City and Bay Venues as we work to deliver Tauranga City Council's vision towards developing and delivering outstanding venues, exceptional experiences and successful events.

Bay Venues is a Council Controlled Organisation (CCO), formed three years ago by the amalgamation of two complementary existing council organisations (TCAL and TCVL) with the objective of providing improved financial sustainability and enhanced customer experiences within its venues and its leisure and events sectors.

Customer Focus

We continue to strive to provide excellent customer experiences, our annual customer survey shows that we provide a high level of satisfaction to our community and visitors in terms of facilities and service.

Health and Safety

Our commitment is to provide safe venues and programmes by adopting best operating practice and ongoing vigilant governance.

Bay Venues operates venues, events and programmes which in themselves present understandable challenges in terms of Health and Safety. We have developed and will continue to nurture a culture of understanding of what Health and Safety means for both our customer and our staff.

I would like to thank members of the Board Health and Safety sub-committee (Chair – Shirley Baker) who, together with the total staff team developed the Bay Venues Health and Safety Plan, and its ongoing monitoring and governance.

Staff Team

The nature of the BVL business is that of mixed requirements for staffing. We rely on our permanent full and part time staff daily to maintain our facilities and venues and offer the wide variety of programmes and events within these venues, however during our peak times, our casual staff ensure that excellent customer experience continues.

The results and outcomes achieved by Bay Venues are a direct reflection of this diverse and customer centric team. The Board thanks each and every member of the team.

Future Venue and Programme Planning

Tauranga City is New Zealand's fifth biggest city and the country's fastest growing. Therefore it is essential that Bay Venues, working closely with Tauranga City Council, carefully plan future requirements for its Venues, Programmes and events over the short, medium and long term.

Bay Venues was part of the Steering Group of the Sport Bay of Plenty led initiative to review the regional spaces and places to provide the region with an understanding

of what facilities are needed to assist in planning for our growing population demands.

I would like to pay particular tribute and thanks to Gary Dawson, who as Chief Executive Officer has successfully guided the company in our first three years with a strong collaborative team leadership and continued focus on the City's future vision.

Gary has a driven and committed Senior Leadership Team of:

- Tina Harris-Ririnui – Venues & Programmes Manager
- Ervin McSweeney – Commercial Manager
- Tania Delahunty – Business Performance Manager
- Robyn Mills – Human Resource Manager
- Justine Brennan – Strategy & High Performance Manager

Also I would specifically like to pay tribute and acknowledge the high quality work from the Board and the Board Sub-Committees.

The Board gratefully acknowledges the support, guidance and co-operation provided by our 100% shareholder Tauranga City Council, its Elected Members and the Senior Management of the City Council.

In particular the Board would like to express its appreciation to Mayor Stuart Crosby and Chief Executive Garry Poole.

Finally my most important thanks I extend to the 1.8 million people who enjoyed our facilities and events during the year.

Our wonderful Bay Venues team will always strive to exceed customer expectations not only with great service but also by ensuring our venues and events reflect our customers' needs and ambitions.

The growth and aspirations of Tauranga and its citizens will challenge Bay Venues to ensure that its current and future venues sustainably reflect this growth and aspiration.

The Board and Management of Bay Venues enthusiastically accept the challenge and pledge to deliver today and into the future.

Peter Farmer
Chairman
Bay Venues Limited





Overview

2015/2016 was a very challenging year with aggressive growth targets to achieve, a number of significant projects to be completed, and an expectation that continued improvement would be achieved across all our systems and processes.

As a result of initiatives put into place BVL is now providing a higher level of operational and financial performance than in previous years.

Bay Venues is committed to fulfilling its responsibilities relating to Health & Safety, and the management of risk at all Bay Venues sites. The safety of Bay Venues' workers, contractors, customers and the general public is of the highest priority and we recognise that sustainable business can only be achieved through the safe and reliable supply of facilities and services to the community. Based on the belief that all accidents are preventable, Bay Venues' long-term goal is to eliminate all serious workplace injuries across the company; put simply, the goal is to ensure zero harm.

Some of the key initiatives implemented this year include:

- Hazard Registers have been received and Risk Assessments undertaken
- Standard Operating Procedures have been reviewed and updated where required
- Health & Safety representatives have completed transitional training for the new Health & Safety legislation
- Increased staff awareness and reporting of near-miss incidents have resulted in a greater focus on preventative actions
- A Health & Safety Staff survey was undertaken

Throughout the year BVL hosted significant concerts and events that provided a wide range of sport and entertainment options for the people of Tauranga and the surrounding region. These included:

- Solo Mio Concert (x2)
- Beach Boys
- 10CC
- BayDreams
- World Jetsprints Championship
- RallyCross
- AIMs Games

Our Clubfit business expanded its offering by implementing new initiatives and increasing the area of its Gym at Baywave during the year which resulted in continued growth in memberships. The feedback we've received from our customers has been very positive.

A highlight of the year was the University of Waikato Adams Centre for High Performance being officially opened on 28 April 2016. This centre has quickly been

recognised both nationally and internationally as an outstanding high performance sports training facility.



BVL venues and programmes continue to perform well, achieving strong year on year growth both for user hours (4.7%) and network user visits (9.2%). Our aquatics network and programmes all contributed to these results and the Arataki Community Centre continues to be a leader in the provision of community focused facilities.

Throughout the year a large number of projects were either completed or initiated including:-

- Repair of the ASB Baypark roof from tornado damage
- Refurbishment of the Mount Hot Pools
- Creation of a new indoor sports pavilion at ASB Baypark
- Heating of the Greerton Aquatics Centre learners pool
- Implementation of a new staff bio-metric based time and attendance system
- Creation of a new computer server platform

BVL is committed to delivering value to the ratepayers of Tauranga. We strive to meet the performance targets set down by the Tauranga City Council in both the Statement of Intent and the Service Level Agreement and results for the year show that these targets were largely met.

The achievement of these results reflects the commitment and dedication of our staff to providing our customers with great experiences.

Gary Dawson
Chief Executive
Bay Venues Limited



FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE REVENUE & EXPENSES

for the Year ended 30 June 2016

| | Note | 2016 Actual (\$,000's) | 2016 Budget (\$,000's) | 2015 Actual (\$,000's) |
|--|------|------------------------------|------------------------------|------------------------------|
| Revenue | | | | |
| User Revenue | | 13,867 | 13,713 | 13,177 |
| Other Income | 3 | 200 | 67 | 74 |
| TCC Capital Funding | | 1,127 | - | - |
| TCC Operational Grant | | 2,514 | 2,514 | 2,368 |
| TCC Debt Servicing Grant | | 520 | - | 1,451 |
| TCC Renewal Funding | | 2,023 | 3,675 | - |
| Total Operational Revenue | | 20,251 | 19,969 | 17,070 |
| Expenditure | | | | |
| Employee Expense | 4 | 7,598 | 7,422 | 7,239 |
| Administrative Expense | | 1,105 | 1,148 | 936 |
| Consulting & Governance Expense | 5 | 405 | 563 | 571 |
| Operating Expense (incl. COGS) | 6 | 6,453 | 5,813 | 6,925 |
| Repairs & Maintenance Expense | | 638 | 803 | 813 |
| Joint Venture Commission | | 41 | 95 | 46 |
| Finance Costs | | 533 | - | 2,522 |
| Depreciation & Amortisation Expense | 7 | 5,264 | - | 4,325 |
| Total Operating Expenditure | | 22,037 | 15,844 | 23,377 |
| Surplus/(Deficit) before Tax | | (1,786) | 4,125 | (6,307) |
| Income Tax Expense/(Benefit) | 8 | 171 | - | 1,686 |
| Surplus/(Deficit) after Tax | | (1,615) | 4,125 | (4,621) |
| Other Comprehensive Revenue & Expense | | | | |
| Gain on Property, Plant & Equipment Revaluation | | - | - | 11,242 |
| Tax on Revaluation | | - | - | (3,148) |
| Total Comprehensive Income for the Year | | (1,615) | 4,125 | 3,473 |

STATEMENT OF CHANGES IN EQUITY

for the Year ended 30 June 2016

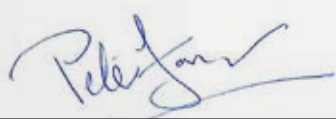
| | Share Capital (\$,000's) | Retained Earnings (\$,000's) | Revaluation Surplus (\$,000's) | Other Reserve (\$,000's) | Total Equity (\$,000's) |
|---|--------------------------------|------------------------------------|--------------------------------------|--------------------------------|-------------------------------|
| Balance at 1 July 2014 | 36,861 | (11,578) | 12,743 | 60 | 38,086 |
| Total Comprehensive Revenue & Expense for the Year | - | (4,621) | (8,094) | - | 3,473 |
| ASB Naming Rights Reserve | - | (381) | - | 381 | - |
| Capital introduced during the Year | 49,232 | - | - | - | 49,232 |
| Balance at 30 June 2015 | 86,093 | (16,580) | 20,837 | 441 | 90,791 |
| Balance at 1 July 2015 | 86,093 | (16,580) | 20,837 | 441 | 90,791 |
| Total Comprehensive Revenue & Expense for the Year | - | (1,615) | - | - | (1,615) |
| Transfer to ASB Reserve | - | (150) | - | 150 | - |
| Balance at 30 June 2016 | 86,093 | (18,345) | 20,837 | 591 | 89,176 |



STATEMENT OF FINANCIAL POSITION

as at 30 June 2016

| | Note | 2016 Actuals (\$000's) | 2015 Actuals (\$000's) |
|--------------------------------------|------|------------------------------|------------------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash & Cash Equivalents | 9 | 205 | 104 |
| Inventories | 10 | 281 | 323 |
| Debtors & other Receivables | 11 | 1,005 | 1,040 |
| Total Current Assets | | 1,491 | 1,467 |
| Non-current Assets | | | |
| Other Non-current Assets | 14 | 120 | - |
| Intangible Assets | 12 | 772 | 619 |
| Property, Plant & Equipment | 13 | 111,442 | 108,997 |
| Total Non-current Assets | | 112,334 | 109,616 |
| Total Assets | | 113,825 | 111,083 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Employee Entitlements | 15 | 740 | 674 |
| Creditors & other Payables | 16 | 4,209 | 2,240 |
| Total Current Liabilities | | 4,949 | 2,914 |
| Non-current Liabilities | | | |
| Borrowings | 17 | 10,009 | 7,516 |
| Deferred Tax | 8 | 9,691 | 9,862 |
| Total Non-current Liabilities | | 19,700 | 17,378 |
| Total Liabilities | | 24,649 | 20,292 |
| Net Assets | | 89,176 | 90,791 |
| EQUITY | | | |
| Share Capital | 18 | 86,093 | 86,093 |
| Retained Earnings | 19 | (18,345) | (16,580) |
| Other Reserves | 21 | 591 | 441 |
| Revaluation Reserves | 20 | 20,837 | 20,837 |
| Total Equity | | 89,176 | 90,791 |



Peter Farmer – Director

8th August 2016

Date



John Loughlin – Director

8th August 2016

Date

STATEMENT OF CASHFLOWS
for the Year ended 30 June 2016

| | Note | 2016 Actuals (\$000's) | 2015 Actuals (\$000's) |
|---|------|------------------------------|------------------------------|
| OPERATING ACTIVITIES | | | |
| Cash received from Customers | | 13,801 | 12,711 |
| Grants received | | 7,468 | 3,819 |
| Dividend received | | 32 | 38 |
| Cash received from other Sources | | 164 | 36 |
| | | 21,465 | 16,604 |
| Payments to Employees | | (7,532) | (7,189) |
| Payments to Suppliers | | (8,149) | (10,063) |
| Interest paid | | (533) | (2,522) |
| Goods & Services Tax (net) | | 339 | 480 |
| | | (15,875) | (19,294) |
| Net Cash from Operating Activities | 23 | 5,590 | (2,690) |
| INVESTING ACTIVITIES | | | |
| Purchase of Property, Plant & Equipment | | (7,862) | (13,728) |
| Depreciation on Investment | | (120) | - |
| | | (7,982) | (13,728) |
| Net Cash from Investing Activities | | (7,982) | (13,728) |
| FINANCE ACTIVITIES | | | |
| Increase in Equity | | - | 49,232 |
| Proceeds from Borrowings | | 17,947 | - |
| | | 17,947 | 49,232 |
| Repayment of Borrowings | | (15,454) | (33,225) |
| | | (15,454) | (33,225) |
| Net Cash from Financing Activities | | 2,493 | 16,007 |
| Net Increase/Decrease in Cash Held | | 101 | (411) |
| Cash & Cash Equivalents at Beginning of Year | | 104 | 515 |
| Cash & Cash Equivalents at End of the Year | 9 | 205 | 104 |



STATEMENT OF ACCOUNTING POLICIES

for the Year ended 30 June 2016

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 2016. The financial statements were authorised for issue by Bay Venues Limited Directors on 8th August 2016.

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 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 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.

1.3 Revenue Recognition

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

Sale of Goods

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

User Fees & Charges

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

1.4 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.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting surplus nor taxable surplus.

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.

1.5 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.

1.6 Cash & 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.

1.7 Debtors & Other Receivables

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

1.8 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 & 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.

1.9 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.

1.10 Property, Plant & Equipment

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

Revaluation

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

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

The most recent valuation was performed by Quotable Values with the valuation being effective as at 1 July 2014.

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) or diminishing value (DV) 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 |
|------------------------------|---------------------|---------------------|
| Operational Assets | | |
| Building & Improvements | 2 - 100 | SL |
| Plant & Equipment | 3 - 50 | SL |
| Computer Equipment | 4 - 5 | SL |
| Office Furniture & Equipment | 8 - 12 | SL |
| Motor Vehicles | 5 - 10 | SL |

1.11 Intangible Assets

Goodwill

Goodwill on the purchase of the Speedway business is included in intangible assets. This was completely amortised in 2015.

Software Acquisition & 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.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is de-recognised. The amortisation charge for each period is recognised in the surplus or deficit.

| CLASS OF INTANGIBLE ASSET | Estimated Useful Life (Years) | Amortisation Rates |
|----------------------------|-------------------------------|--------------------|
| Acquired Computer Software | 4 - 10 | 10 - 25% |
| Speedway Purchase | 3 | 33.3% |

1.12 Impairment of Property, Plant & Equipment & 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 dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service potential.

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

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.

1.13 Creditors & Other Payables

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

1.14 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.

1.15 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.

1.16 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.

1.17 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 Schools in Pools reserve, set up to promote swimming, and the ASB naming rights reserve.

1.18 Goods & Services Tax

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

Commitments and contingencies are disclosed exclusive of GST.

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

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

1.19 Budget Figures

The budget figures are those adopted by Bay Venues Limited and approved by Tauranga City Council in its 2015/16 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.

1.20 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 13 provides information about the estimates and assumptions exercised in the measurement of revalued land and buildings, and equipment.

1.21 Explanation of Major Variances against Budget

Note 26 provides explanations of major variances against budget.



NOTES TO THE FINANCIAL STATEMENTS

Note 2. Revenue from Exchange & Non-exchange Transactions

| | 2016 Actuals (\$000's) | 2016 Budget (\$000's) | 2015 Actuals (\$000's) |
|--|------------------------------|-----------------------------|------------------------------|
| Non-exchange | | | |
| TCC Operational Grant | 2,514 | 2,514 | 2,368 |
| TCC Debt Serving Grant | 520 | - | 1,451 |
| TCC Capital Grant | 1,127 | - | - |
| TCC Renewal Grant | 2,023 | 3,675 | - |
| Aquatics | 2,640 | 2,359 | 2,505 |
| Indoor Facilities | 1,098 | 1,100 | 1,156 |
| Sundry | 120 | - | 120 |
| Childcare | 256 | 245 | 247 |
| Memberships | 231 | 205 | 250 |
| Total Non-exchange | 10,259 | 10,098 | 8,097 |
| Exchange | | | |
| Memberships | 1,673 | 1,622 | 1,280 |
| Events & Catering | 5,631 | 5,825 | 5,449 |
| Other User Fees & Charges | 2,418 | 2,424 | 2,244 |
| Total Exchange | 9,722 | 9,871 | 8,973 |
| Total Exchange & Non-exchange Revenue | 20,251 | 19,969 | 17,070 |

Note 3: Other Revenue

| | 2016 Actuals (\$000's) | 2016 Budget (\$000's) | 2015 Actuals (\$000's) |
|----------------------------|------------------------------|-----------------------------|------------------------------|
| Rental | 11 | - | 8 |
| Dividends | 32 | 16 | 38 |
| Interest Received | 120 | - | 1 |
| Sponsorship | 37 | 51 | 27 |
| Total Other Revenue | 200 | 67 | 74 |

Note 4: Employee Expenses

| | 2016 Actuals (\$000's) | 2016 Budget (\$000's) | 2015 Actuals (\$000's) |
|--|------------------------------|-----------------------------|------------------------------|
| Salaries & Wages | 7,160 | 6,907 | 6,833 |
| Defined Contribution Plan Employer Contributions (KiwiSaver) | 169 | 170 | 177 |
| Other Personnel Expense | 269 | 345 | 229 |
| Total Employee Expenses | 7,598 | 7,422 | 7,239 |

Note 5: Consulting & Governance Expenses

| | 2016 Actuals (\$000's) | 2016 Budget (\$000's) | 2015 Actuals (\$000's) |
|---|------------------------------|-----------------------------|------------------------------|
| Audit Fees | 54 | 59 | 54 |
| Consulting | 76 | 235 | 214 |
| Director Fees | 239 | 235 | 245 |
| TCC Shared Services | 24 | 22 | 22 |
| Tax Advisory | 12 | 12 | 36 |
| Total Consulting & Governance Expenses | 405 | 563 | 571 |

Note 6: Operating Expenses

| | 2016 Actuals (\$000's) | 2016 Budget (\$000's) | 2015 Actuals (\$000's) |
|---------------------------------|------------------------------|-----------------------------|------------------------------|
| Costs of Good Sold | 1,354 | 1,464 | 1,439 |
| Catering Staffing | 1,209 | 1,125 | 1,081 |
| Electricity | 876 | 807 | 742 |
| Insurance | 117 | 260 | 274 |
| Depreciation Reserve Repaid | - | - | 1,029 |
| Loss on Disposal | - | - | 14 |
| Other | 2,389 | 1,753 | 1,850 |
| Marketing | 508 | 404 | 496 |
| Total Operating Expenses | 6,453 | 5,813 | 6,925 |

Note 7: Depreciation & Amortisation Expense

| | 2016 Actuals (\$000's) | 2016 Budget (\$000's) | 2015 Actuals (\$000's) |
|--|------------------------------|-----------------------------|------------------------------|
| Buildings & Improvements | 3,395 | - | 2,996 |
| Intangibles | 157 | - | 222 |
| Office Furniture & Equipment | 249 | - | 217 |
| Plant & Equipment | 1,446 | - | 884 |
| Vehicles | 17 | - | 6 |
| Total Depreciation & Amortisation Expense | 5,264 | - | 4,325 |

Note 8: Income Tax Expense

| a) Operational Surplus/(Deficit) before Taxation | 2016 Actual (\$000's) | 2015 Actual (\$000's) |
|--|-----------------------------|-----------------------------|
| Operational Surplus/(Deficit) before Taxation | (1,786) | (6,307) |
| Prima Facie Taxation at 28% (2015: 28%) | (500) | (1,766) |
| Non-deductible Expenditure | 1,735 | 1,070 |
| Non-taxable Income | (1,741) | (1,080) |
| Deferred Tax Adjustment | 335 | 90 |
| Taxation Expense/(Benefit) | (171) | (1,686) |
| Components of Tax Expense | | |
| Current Taxation | - | - |
| Deferred Taxation Expense/(Benefit) | (171) | (1,686) |
| Taxation Expense/(Benefit) | (171) | (1,686) |

| b) Deferred Tax Asset (Liability) | Property, Plant & Equipment (\$000's) | Employee Entitlement (\$000's) | Other Provisions (\$000's) | Tax Losses (\$000's) | Total (\$000's) |
|---------------------------------------|--|--------------------------------------|----------------------------------|----------------------------|--------------------|
| Balance at 30 June 2014 | (11,119) | 100 | - | 2,618 | (8,400) |
| Charged to Surplus or Deficit | 156 | 4 | 21 | 1,506 | 1,686 |
| Charged to Other Comprehensive Income | (3,148) | - | - | - | (3,148) |
| Balance at 30 June 2015 | (14,111) | 104 | 21 | 4,124 | (9,862) |
| Charged to Surplus or Deficit | (76) | 14 | (14) | 247 | 171 |
| Balance at 30 June 2016 | (14,187) | 118 | 7 | 4,371 | (9,691) |

Note 10: Inventories

| | 2016 Actual (\$000's) | 2015 Actual (\$000's) |
|--|--------------------------------------|--------------------------------------|
| Held for Distribution Inventories | | |
| Chemicals at Cost | 5 | 9 |
| Held for Commercial Inventories | | |
| Merchandise at Cost | 106 | 165 |
| Food & Beverages | 170 | 149 |
| Total Inventories | 281 | 323 |

There is no write down of inventory during the year. No inventory is pledged as security for liabilities (2015 \$nil).

Note 9: Cash & Cash Equivalents

| | 2016 Actual (\$000's) | 2015 Actual (\$000's) |
|--|--------------------------------------|--------------------------------------|
| Cash | 205 | 104 |
| Total Cash & Cash Equivalents | 205 | 104 |

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

Note 11: Debtors & Other Receivables

| | 2016 Actual (\$000's) | 2015 Actual (\$000's) |
|--|-----------------------------|-----------------------------|
| Trade Debtors | 847 | 886 |
| Accruals | 67 | 58 |
| Prepayments | 91 | 96 |
| Total Debtors & Other Receivables | 1,005 | 1,040 |
| Receivables from Non-exchange Transactions | 528 | 222 |
| Receivables from Exchange Transactions | 477 | 818 |
| Total Debtors & Other Receivables | 1,005 | 1,040 |

| | 2016 | | 2016 | | 2015 | | 2015 | |
|--|--------------------|-------------------------|------------------|--------------------|-------------------------|------------------|--------------------|------------------|
| | Gross (\$000's) | Impairment (\$000's) | Net (\$000's) | Gross (\$000's) | Impairment (\$000's) | Net (\$000's) | Gross (\$000's) | Net (\$000's) |
| Trade & Related Parties Debtors | | | | | | | | |
| Not Past Due | 491 | - | 491 | 678 | - | 678 | 678 | 678 |
| Aged Receivables: 31 - 60 Days | 79 | - | 79 | 79 | - | 79 | 79 | 79 |
| Aged Receivables: 61 - 90 Days | 47 | - | 47 | 9 | - | 9 | 9 | 9 |
| Aged Receivables: Greater than 90 Days | 230 | - | 230 | 120 | - | 120 | 120 | 120 |
| Total | 847 | - | 847 | 886 | - | 886 | 886 | 886 |

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

There was no impairment provided for at 30 June 2016 (2015: \$nil).

Note 12: Intangible Assets

| | Goodwill | Computer Software | Total |
|--------------------------------|------------|-------------------|--------------|
| | (\$000's) | (\$000's) | (\$000's) |
| COST | | | |
| Balance at 1 July 2014 | 566 | 550 | 1,116 |
| Additions | - | 99 | 99 |
| Disposals | - | (20) | (20) |
| Reclassification | - | 295 | 295 |
| Balance at 30 June 2015 | 566 | 924 | 1,490 |
| Balance at 1 July 2015 | 566 | 924 | 1,490 |
| Additions | - | 310 | 310 |
| Disposals | - | - | - |
| Reclassification | - | - | - |
| Balance at 30 June 2016 | 566 | 1,234 | 1,800 |
| ACCUMULATE AMORTISATION | | | |
| Balance at 1 July 2014 | 450 | 199 | 649 |
| Amortisation Charge 2015 | 116 | 106 | 222 |
| Balance at 30 June 2015 | 566 | 305 | 871 |
| Balance as at 1 July 2015 | 566 | 305 | 871 |
| Amortisation Charge 2016 | - | 157 | 157 |
| Balance at 30 June 2016 | 566 | 462 | 1,028 |
| CARRYING AMOUNTS | | | |
| As at 30 June 2014 | 116 | 351 | 467 |
| As at 30 June 2015 | - | 619 | 619 |
| As at 30 June 2016 | - | 772 | 772 |

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.

Note 13: Property, Plant & Equipment

| Bay Venues Limited as at 30 June 2016 | 2015 Cost/ Valuation (\$000's) | 2015 Accum Depr (\$000's) | 2015 Opening Book Value (\$000's) | 2016 Asset Additions (\$000's) | 2016 Asset Disposals (\$000's) | 2016 Revalua- tion (\$000's) | 2016 Current Deprn (\$000's) | 2016 Reclassi- fied (\$000's) | 2016 Cost Reval (\$000's) | 2016 Accum Deprn (\$000's) | 2016 Closing Book Value (\$000's) |
|--|---|------------------------------------|---|---|---|---------------------------------------|---------------------------------------|--|------------------------------------|-------------------------------------|---|
| At Cost & Valuation | | | | | | | | | | | |
| Buildings & Improvements | 99,025 | (2,996) | 96,029 | 4,786 | (24) | - | (3,395) | - | 103,787 | (6,391) | 97,396 |
| Plant & Equipment | 11,785 | (884) | 10,901 | 2,001 | (43) | - | (1,446) | - | 13,743 | (2,330) | 11,413 |
| Office Furniture & Equipment | 1,637 | (819) | 818 | 473 | (3) | - | (249) | - | 2,107 | (1,068) | 1,039 |
| Motor Vehicles | 166 | (124) | 42 | 143 | - | - | (17) | - | 310 | (141) | 169 |
| Sub Total | 112,613 | (4,823) | 107,790 | 7,403 | (70) | - | (5,107) | - | 119,947 | (9,930) | 110,017 |
| Work in Progress | 1,207 | - | 1,207 | 7,931 | (7,713) | - | - | - | 1,425 | - | 1,425 |
| Total | 113,820 | (4,823) | 108,997 | 15,334 | (7,783) | - | (5,107) | - | 121,372 | (9,930) | 111,442 |
| Work in Progress | | | | | | | | | | | |
| Additional work is shown within the New Assets column and any capitalised assets are shown in Assets Disposed. | | | | | | | | | | | |
| Bay Venues Limited as at 30 June 2015 | | | | | | | | | | | |
| At Cost | | | | | | | | | | | |
| Buildings & Improvements | 90,201 | (8,187) | 82,014 | 9,565 | - | 9,236 | (2,996) | (1,790) | 99,025 | (-2,996) | 96,029 |
| Plant & Equipment | 6,996 | (1,549) | 5,447 | 2,876 | - | 2,006 | (884) | 1,456 | 11,785 | (-884) | 10,901 |
| Office Furniture & Equipment | 1,418 | (602) | 816 | 162 | - | - | (217) | 57 | 1,637 | (-819) | 818 |
| Motor Vehicles | 168 | (118) | 50 | 49 | (33) | - | (6) | (18) | 166 | (-124) | 42 |
| Sub Total | 98,783 | (10,456) | 88,327 | 12,652 | (33) | 11,242 | (4,103) | (295) | 112,613 | (4,823) | 107,790 |
| Work in Progress | 176 | - | 176 | 2,717 | (1,686) | - | - | - | 1,207 | - | 1,207 |
| Total | 98,959 | (10,456) | 88,503 | 15,369 | (1,719) | 11,242 | (4,103) | (295) | 113,820 | (4,823) | 108,997 |

Valuation

Buildings

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 2014.

Restrictions

Bay Venues Limited does not own any of the land that Building and Improvements are located. 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.

Plant

Plant assessment has been carried out in accordance with International Valuation Standards 220, Plant & Equipment, and the Royal Institute of Chartered Surveyors VPGA 5 and associated guidance notes. Inspections have been undertaken to VPS 2.

In assessing the values for the assets, market research has been undertaken to assess the fair value of the asset. Replacement costs have been assessed at the date of the valuation, less any allowance for any physical and/or economic obsolescence to date. The calculation is on the basis of an estimated replacement cost and may not, in all circumstances, reflect the lowest tender price available.

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.

Plant valuation was undertaken by Construction Cost Consultants Ltd, on behalf of Quotable Values, during April 2015.

Work in Progress

The total amount of property, plant, and equipment in the course of construction is \$1,424,976 (2015 \$1,206,625).

Note 14: Other Investments – Non-current Portion

| | 2016 | 2015 |
|--|------------------|------------------|
| | Actual | Actual |
| | (\$000's) | (\$000's) |
| Related Party Investments | - | - |
| Depreciation Investment | 120 | - |
| Total Other Investments – Non-current Portion | 120 | - |

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 15: Employee Entitlement Liabilities

| | 2016 | 2015 |
|------------------------------------|------------------|------------------|
| | Actual | Actual |
| | (\$000's) | (\$000's) |
| Accrued Pay | 238 | 164 |
| Annual Leave | 421 | 370 |
| ACC Employer Contribution | 24 | 72 |
| Payroll Taxes | 57 | 68 |
| Total Employee Entitlements | 740 | 674 |

Note 16: Creditors & Other Payables

| | 2016 | 2015 |
|---|------------------|------------------|
| | Actual | Actual |
| | (\$000's) | (\$000's) |
| Income in Advance | 1,980 | 801 |
| Trade & Other Payables | 1,009 | 391 |
| Accrued Expenditure | 1,246 | 1,428 |
| GST Payable/(Receivable) | (55) | (394) |
| Deposits & Bonds | 29 | 14 |
| Total Creditors & Other Payables | 4,209 | 2,240 |
| Payables from Non-exchange Transactions | 3,097 | 1,195 |
| Payables from Exchange Transactions | 1,112 | 1,045 |
| Total Creditors & Other Payables | 4,209 | 2,240 |

Trade & Other Payables are non-interest bearing and are normally settled on 30 day terms, therefore the carrying value of Trade & Other Payables approximates their value.

Note 17: Borrowings

| | 2016 | 2015 |
|---|------------------|------------------|
| | Actual | Actual |
| | (\$000's) | (\$000's) |
| Non-current Borrowings | | |
| Loan from Tauranga City Council | 9,357 | 7,516 |
| Tauranga Energy Consumer Trust – UoW Adams Centre | 652 | - |
| Total Borrowings | 10,009 | 7,516 |

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 18: Share Capital

| | 2016 Actual (\$000's) | 2015 Actual (\$000's) |
|--|-----------------------------|-----------------------------|
| Fully Paid Ordinary Shares | | |
| Balance at Beginning of Financial Year | 86,093 | 36,861 |
| Capital Introduced Equity Injection | - | 49,232 |
| Total Closing Share Capital | 86,093 | 86,093 |

- 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.
- 18,000,000 ordinary shares at \$1 per share are fully paid out and carry the right to dividends per share.
- Bay Venues Limited also holds \$18,000,000 uncalled shares of \$1 per share.
- 49,231,900 ordinary shares at \$1 per share are fully paid out and carry the right to dividends per share.

Note 19: Retained Earnings

| | 2016 Actual (\$000's) | 2015 Actual (\$000's) |
|--------------------------------|-----------------------------|-----------------------------|
| Accumulated Funds | | |
| Opening Balance | (16,580) | (11,578) |
| Surplus/(Deficit) for the Year | (1,615) | (4,621) |
| Transfer to ASB Reserve | (150) | (381) |
| Balance at 30 June 2016 | (18,345) | (16,850) |

Note 20: Revaluation Reserve

| | 2016 Actual (\$000's) | 2015 Actual (\$000's) |
|--------------------------------|-----------------------------|-----------------------------|
| Opening Balance | 20,837 | 12,743 |
| Net revaluation gains | - | 8,094 |
| Balance at 30 June 2016 | 20,837 | 20,837 |

Note 21: Other Reserves

| | 2016 | 2015 |
|--------------------------------|------------------|------------------|
| | Actual | Actual |
| | (\$000's) | (\$000's) |
| Schools in Pools | 60 | 60 |
| ASB Naming Rights | 531 | 381 |
| Balance at 30 June 2016 | 591 | 441 |

The Schools in Pools Reserve was set up to encourage schools to add learning to swim to their curriculum. Bay Venues are working to continue the development of a water safety programme. The ASB Naming Rights reflects the naming rights arrangement for the ASB Arena.

Note 22: Contingencies

Bay Venues Limited has no contingent liabilities at 30 June 2016 (2015: nil).

Bay Venues Limited has no contingent assets at 30 June 2016 (2015: nil).

Note 23: Reconciliation of Net Surplus/(Deficit) after Tax to Net Cashflow from Operating Activities

| | 2016 | 2015 |
|---|------------------|------------------|
| | Actual | Actual |
| | (\$000's) | (\$000's) |
| Net Surplus/(Deficit) from Statement of Comprehensive Income | (1,615) | 3,473 |
| Add/(Deduct) Non-cash Items | | |
| Depreciation/Amortisation & Loss on Disposal & Revaluation Gain | 5,264 | (6,917) |
| Add/(Deduct) Movements in Working Capital | | |
| Movement in Trade & Other Receivables | 35 | (255) |
| Movement in Inventories | 42 | (92) |
| Movement in Employee Entitlements | 66 | 50 |
| Movement in Trade & Other Payables | 1,630 | (891) |
| Movement in GST Payable | 339 | 480 |
| Movement in Deferred Tax Asset | (171) | 1,462 |
| Net Cash from Operating Activities | 5,590 | (2,690) |

Note 24: Capital Commitments & Operating Leases

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

| | 2016 Actual (\$000's) | 2015 Actual (\$000's) |
|----------------------------------|--|--|
| Marketing | - | 56 |
| Information Technology | - | 37 |
| Otumoetai Pool | - | 30 |
| ASB Foreign Exchange Contract | - | 54 |
| Mount Hot Pool | 430 | - |
| Baypark | 519 | - |
| Baypark Offices | 14 | - |
| Total Capital Commitments | 963 | 177 |

Operating Leases as Lessee

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

| | 2016 Actual (\$000's) | 2015 Actual (\$000's) |
|---|--|--|
| Not later than one Year | 208 | 358 |
| Later than one Year & not later than five Years | 395 | 329 |
| Later than five Years | - | - |
| Total Operating Leases as Lessee | 603 | 687 |

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.

| | 2016 Actual (\$000's) | 2015 Actual (\$000's) |
|---|--|--|
| Not later than one Year | 279 | - |
| Later than one Year & not later than five Years | 994 | 69 |
| Later than five Years | 392 | - |
| Total Operating Leases as Lessee | 1,665 | 69 |

Note 25: 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 note been made for transactions with Council (such as funding), where the transactions are consistent with the normal operating relationships between the entitles and are on normal terms and conditions for such transactions.

| | 2016 | 2015 |
|--|------------------|------------------|
| | Actual | Actual |
| | (\$000's) | (\$000's) |
| Transactions with Key Management Personnel | | |
| Salaries & Other Short Term Employee Benefits | 900 | 756 |
| Directors Fees & Travel | 239 | 237 |
| Total Key Management Personnel Remuneration | 1,139 | 993 |
| Total Full-time Equivalent Personnel | 7 | 5 |

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

Note 26: Explanations of Major Variances against Budget

Explanations for major variations from the budget figures in the 2015/16 Financial Statements are as follows:

Statement of Comprehensive Revenue & Expense

Operating costs include event costs relating to an event held at the ASB Arena. As the event was secured after the adoption of the 2015/16 budget, neither the revenue earned, nor the costs to deliver, were included in the adopted budget.

Depreciation expense is not included in the adopted budget, as this is budgeted for by Tauranga City Council.

Note 27: Financial Instruments

| (A) Financial Instrument Categories | 2016 | 2015 |
|---|------------------|------------------|
| | Actual | Actual |
| | (\$000's) | (\$000's) |
| FINANCIAL ASSETS | | |
| Loans & Receivables | | |
| Cash & Cash Equivalents | 205 | 104 |
| Debtors & Other Receivables | 914 | 1,040 |
| Total Financial Assets | 1,119 | 1,144 |
| FINANCIAL LIABILITIES | | |
| Financial Liabilities at Amortised Cost | | |
| Creditors & Other Payables | 2,255 | 2,249 |
| Borrowings | 10,009 | 7,516 |
| Total Financial Liabilities at Amortised Costs | 12,264 | 9,765 |

(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 minimise exposure from its financial instruments. Bay Venues Limited complies with Tauranga City Council's established Council approved Liability Management and Investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

(a) Market Risk

Fair Value Interest Rate Risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. 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.

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 2016 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.

| | 2016 Actual (\$000's) | 2015 Actual (\$000's) |
|--|-----------------------------|-----------------------------|
| FINANCIAL ASSETS | | |
| Cash & Cash Equivalents | 205 | 104 |
| Debtors & Other Receivables | 914 | 1,040 |
| Total Financial Assets | 1,119 | 1,144 |
| FINANCIAL LIABILITIES | | |
| Creditors & Other Payables | 2,255 | 2,249 |
| TCC Loan | 9,357 | 7,516 |
| Tauranga Energy Consumer Trust – Adams Centre Loan | 652 | - |
| Total Financial Liabilities | 12,264 | 9,765 |

Note 28: Employees Remuneration exceeding \$100,000

| | Actual Number of Employees | |
|----------------------------------|-------------------------------|----------|
| | 2016 | 2015 |
| \$100,000 - \$110,000 | 1 | 1 |
| \$110,001 - \$120,000 | 2 | 1 |
| \$120,001 - \$130,000 | - | - |
| \$130,001 - \$140,000 | - | - |
| \$140,001 - \$150,000 | 2 | - |
| \$150,001 - \$160,000 | - | - |
| \$160,001 - \$170,000 | 1 | 2 |
| \$170,001 - \$180,000 | - | 1 |
| \$230,001 - \$240,000 | 1 | 1 |
| Total Number of Employees | 7 | 6 |

Remuneration includes paid and payable at 30 June 2016.

Note 29: Events Occurring after Balance Date

On the 3 July 2016, Global Cuisine's staff became direct employees of Bay Venues Limited following the cessation of the Global Cuisine catering business. No other assets or liabilities of Global Cuisine transferred to Bay Venues Limited.

A strategic partnership term sheet with the UoW Adams Centre has been signed and Bay Venues Limited are currently finalising the formal agreement, for the management of the UoW Adams Centre, which will require signatures from all parties including Tauranga City Council.

Statutory Disclosures

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

Chief Executive Remuneration

| Total Remuneration Paid or Payable | 2016 | 2015 |
|------------------------------------|------|------|
| 230,001 - 240,00 | 1 | 1 |

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

| Director | Appointed Date | Resigned Date | Director Fees | Travel & Accommodation | Director Fees | Travel & Accommodation |
|----------------------|----------------|------------------|---------------|------------------------|---------------|------------------------|
| | | | 2016 \$ | 2016 \$ | 2015 \$ | 2015 \$ |
| Peter Farmer (Chair) | 1 Apr 2013 | Still a Director | 55,000 | - | 55,000 | - |
| Keith Tempest | 1 Apr 2013 | Still a Director | 30,000 | - | 30,000 | - |
| Shirley Baker | 1 May 2010 | Still a Director | 30,000 | - | 30,000 | - |
| Murray Gutry | 1 Apr 2013 | Still a Director | 30,000 | 1,954 | 30,000 | 1,952 |
| John Loughlin | 1 Apr 2013 | Still a Director | 30,000 | 8,043 | 30,000 | 3,322 |
| Graeme Elvin | 1 May 2010 | Still a Director | 30,000 | - | 30,000 | - |
| Dean Waddell | 8 Jul 2013 | Still a Director | 30,000 | - | 30,000 | - |

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

Donations

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

Interest Register

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



STATEMENT OF INTENT PERFORMANCE

Prior year comparatives have not been included due to targets and measures changing when new Statement of Intent was adopted.

1. Economic Focus Areas

1.1 Provide clear and transparent information to Council and the public

| Objective | Strategies | Performance Target | Status | Comments |
|---|--|---|--------|--|
| Provide regular, quarterly information to Council to ensure high degree of accountability. 'No surprises' and improved flow of relevant information to Councillors on matters of significance. | Regular meetings between BVL Board and Council. | Quarterly Meetings | ✓ | Meetings with BVL Board and TCC CCO Working Group were held to discuss general issues as well as focused meetings around specific issues. |
| | Regular meetings between BVL CEO and TCC CEO. | Monthly Meetings | ✓ | Meetings were held regularly. Nine formal meetings along with regular telephone and email updates. |
| | Two quarterly reports provided per annum. | Reports received on time and to satisfactory standard. | ✓ | Quarterly monitoring reports as required by the Service Level Agreement between Council and BVL were delivered on 15th October 2015 and 15th April 2016. |
| | Two six monthly reports provided per annum including financial statements. | Reports received on time and to satisfactory standard. | ✓ | Six Monthly Monitoring reports as required by the Service Level Agreement between Council and BVL were delivered on 21st September 2015 and 21st March 2016. |
| | LGOIMA requests responded to within acceptable time-frames. | Requests answered within 20 days of receipt and copy sent to TCC. | ✓ | All LGOIMA have been responded to in the required timeframe of 20 days and TCC have been provided with copies of all correspondence. |

1.2 Maintain and improve upon the current levels of service across all venues and facilities whilst either maintaining or reducing the current level of rates contribution required to fund BVL

| Objective | Strategies | Performance Target | Status | Comments |
|--|--|---|--------|---|
| Provide safe, attractive, comfortable, and welcoming community facilities with a high level of service. Ensure facilities are affordable to users and rates are, to the extent possible, affordable to rate payers. | Implement appropriate organisation and site specific health and safety systems for all facilities including regular reviews. | Evidence of health and safety systems in place and monitored via quarterly report documentation and TCC audits. | ✓ | <ul style="list-style-type: none"> • VAULT Health & Safety system in place. • Board H&S assemblies conducted regularly. • Board H&S reporting completed monthly. • Council has access to our complete VAULT Health & Safety system and can conduct review and audits as required. |
| | Development and implementation of asset management plans for each facility in conjunction with TCC Property Asset Planner. | AMP is in place for all facilities in the network in accordance with Ten Year Plan timeframes. | ✓ | AMP in place for ASB Baypark and Aquatic venues. Transfer of indoor recreation venues occurred in Sept 2015, with this came existing AMP from Council. Agreed with Council next update is due 2018. |
| | Annual review of fees and charges for community sport and recreation facilities and programmes co. | Evidence of review process. | ✓ | <p>This forms part of our Service Level Agreement (SLA) with Council.</p> <p>Annual User Fees for Aquatics and Indoor Recreation Facilities was CPI adjusted only, which is within BVL authority as per the SLA.</p> <p>A review of the fees and charges for the network of community sport and »</p> |

| Objective | Strategies | Performance Target | Status | Comments |
|---------------|---|---|--------|---|
| 1.2 continued | | | | recreation facilities and programmes will be conducted with Council through the LTP which includes benchmarking. This is to be undertaken in the 2016/17 financial year. |
| | Comparison with other Councils/ providers consultation with Council. | Evidence of consultation with Council. | ✓ | In consultation with TCC, it has been agreed that BVL will conduct a benchmarking exercise during the 2016/17 year in the lead up to the next LTP process. This is defined in measure 3.1 of the Contract for Services 2016-18. |
| | Aggressively grow commercial revenue in three key areas. <ul style="list-style-type: none"> • Catering – particularly out-catering. • Increasing number of events utilising ASB Baypark. • Clubfit – expansion of membership base. | Growth of Commercial revenue as per BVL budget. Rates Contribution to fund operational costs maintained at 2014/2015 level plus inflation. | ≈ | BVL Catering did not achieve budgeted revenue due to the lack of major events during the year into Tauranga. There was a 12% increase in the commercial activities at ASB Baypark. Clubfit achieved a 23% increase in membership base. These improved results are a result of targeted marketing and promotion of these facilities and services. |

1.3 Provide fit for purpose facilities and services which can attract major events and proactively collaborate with TCC's event team to jointly secure events, where appropriate

| Objective | Strategies | Performance Target | Status | Comments |
|---|---|---|--------|---|
| BVL to play a significant role in attracting skilled workers, entrepreneurs, visitors and businesses to Tauranga through events and the venues that accommodate them. Contribute to a coordinated approach to attracting and maintaining events. | Continue to position Baypark as the home of 'high adrenaline' events. | 5 'high adrenaline' events to be delivered. | ≈ | 4 High Adrenaline events were held during the year, Speedway, Rally Cross, Drifting, and NZ World Jetsprints. The 5th planned event Rally Expo was cancelled by the Promoter. |
| | Continue to develop and strengthen relationships with key/influential concert promoters. | 4 concerts to be delivered. | ✓ | <ul style="list-style-type: none"> • Bay Dreams • 10CC • Beach Boys • Solo Mio (x2) • Devilskin |
| | Actively participate in relevant strategic and business planning activities with TCC and other appropriate organisations. | Evidence of involvement in meetings. | ✓ | Our Commercial Manager attends the regular meetings with Council's Strategic Events team. BVL's Business Development team liaises with the Council on opportunities for the City. |
| | Review TCC event strategy and where appropriate ensure BVL event strategy is in alignment. | Evidence of strategic alignment in BVL event strategy document. | ✓ | TCC has 5 key strategic outcomes within the Major Events Portfolio Strategy. These are Increase GDP; Address Seasonality; Grow Visitor Nights; Showcase Tauranga; Grow Community Pride. BVL's Strategic Plan sets out the development of more speed events, the targeting of conferences, growing the number of concerts and developing new events as initiatives to support alignment with the TCC Major Events Portfolio Strategy. |





1.4 Investigate innovative and alternative ways to provide venues and facilities for the city

| Objective | Strategies | Performance Target | Status | Comments |
|---|--|--|--------|---|
| <p>Provide community facilities, venues and services that meet the needs of the current and future population.</p> <p>Take a collaborative and strategic approach to planning for these facilities.</p> <p>Initiate and engage with both the public and private sector, focusing on a broad range of alternative and innovative opportunities to provide facilities across the city.</p> <p>Council set a guaranteed amount of new capital funding for the first three years of the TCC Long Term Plan (2015/2016 to 2017/2018) which Bay Venues can then determine and prioritise how it is to be spent/ utilised for venue enhancement and new venue development.</p> | In partnership with Sport BOP, TCC and other Councils and funders carry out a regional sport and recreation facility review to identify future needs. | Report completed to plan and reviewed with TCC. | ✓ | BVL was part of the Steering Group pulling together the Regional Spaces & Places Review. This Draft Report has been presented to Council by the Steering Group and is currently out for consultation with a wider audience. |
| | Where practical, BVL will seek opportunities to utilise the TCC brand and use the brand in accordance with the brand parameters. | Evidence of TCC branding on BVL branding collateral. | ✓ | All facilities and venues have been re-branded in accordance with TCC instructional direction. |
| | Begin the process of reviewing the medium to long-term development strategy for: <ul style="list-style-type: none"> • Baypark • Mount Hot Pools • Baywave | Draft concept options completed by April 2016 and presented to TCC for review. | ≈ | <p>A review of the Mount Hot Pools was undertaken and bought to Council for consideration in late 2015. As a result a \$647k upgrade of the facility is underway.</p> <p>Ongoing discussions and work is underway in consultation with Council on ensuring both Baypark, Baywave and all our facilities are fit for purpose to meet the needs of Tauranga's growing population in the future.</p> |
| | Assuming funding is approved complete the development of a High Performance Sports Centre at Blake Park. | Facility opened by 1 February 2016. | ✓ | The University of Waikato Adams Centre for High Performance was open for use on 1st February 2016 and officially opened on 28th April 2016. |

2. Social Focus Areas

2.1 Increase community utilisation of facilities

| Objective | Strategies | Performance Target | Status | Comments |
|---|--|---|--------|---|
| <p>Facilities and venues should be accessible to as many people with Tauranga City as possible.</p> <p>Increase access to and use of facilities across all numbers of the community, including:</p> <ul style="list-style-type: none"> • Residents of lower socio-economic areas • Younger and older demographic groups • Community groups | Achieve growth on two dimensions: | | | |
| | Attracting a greater number of visits from existing customers | Minimum 75,299 hours of use of the network recreation facilities per annum. | ✓ | 84,740 hours of use of the network recreation facilities per annum achieved. |
| | Attracting new customers | Minimum of 1,546,089 network user visits per annum. | ✓ | 1,853,500 network user visits achieved. |
| | Proactively partner with key users groups to support growth in their activities to increase utilisation. | Achieve all other utilisation targets in the SLA. | ≈ | <p>90%. 20 Individual Utilisation Performance Targets were set in the SLA. Of these 18 Targets were achieved and 2 targets were not achieved.</p> <p>Targets not achieved were for hours of use at ASB Arena and attendance visits at QEYC. These were narrowly missed.</p> |

| Objective | Strategies | Performance Target | Status | Comments |
|---------------|--|---|---|--|
| 2.1 continued | | 85% or more of visitors to Bay Venues facilities are satisfied or very satisfied with the overall customer service they received. |  | <p>Delve has conducted annual market research for BaySwim and Baywave, OSCAR, Mt Hot Pools, Arataki and ASB Arena. 80% of visitors to Bay Venues facilities are satisfied or very satisfied with the overall customer service they received.</p> <p>The areas raised in the customer survey related to the cleanliness of some of our facilities and also the equipment at the Mt Hot Pools.</p> <p>We are currently undertaking a review of our cleaning contracts across all our facilities to ensure an acceptable level of service is achieved.</p> <p>Our upgrade of the Mt Hot Pools facility will address the equipment feedback.</p> |
| | Facilitate utilisation of the network for regional/ national sports tournaments and events. | Minimum of 50 regional/ national sporting tournaments/events held across the Bay Venues network. |  | <p>64 tournaments/events held (49 indoor rec venues, 15 aquatic). These included:</p> <ul style="list-style-type: none"> • AIMS Games • Volleyball NZ Club Championships • National Judo Championships • Miniball World Cup • TCBA Intermediate and Secondary School Tournaments • BOP Swimming Short Course Championships. • AIMS Game Water Polo and Swimming. • Special Olympics NZ • NZ Water Polo Masters. |
| | Review with TCC which areas are designated "lower socio-economic". | Areas with "lower socio-economic" residents identified and documented. |  | As recommended by TCC, BVL has identified and reviewed Otago University's Deprivation Index. During the 2016/17 year we will be monitoring our impact into these areas through our LINKS system and customer market research. |
| | Introduce data collection processes at Baywave and Arataki Community Centre to identify utilisation by geographic areas and demographic profile. | Annual customer survey at each facility completed which gather geographic and demographic data. |  | Delve Market Research have conducted their annual research which included both Baywave and Arataki. This research has been provided to Council. |

3. Environmental Focus Areas

3.1 Improve sustainable resource use and waste reduction

| Objective | Strategies | Performance Target | Status | Comments |
|---|--|--|--------|--|
| Identify sustainability targets. Monitor and report on progress against these targets. | Work in collaboration with TCC staff to identify and agree sustainability targets. | Sustainability targets set by 1 October 2015. | ✓ | BVL set a target of 25% diversion of waste from landfill by the end of the 2015/16 financial year for ASB Baypark. This Policy and target was adopted and released in August 2015. |
| Drive continuous improvement in the area of sustainable energy and resource use. | Develop a plan to achieve sustainability targets. | Demonstrable progress and sustainability achieved by 30 June 2016. | ✓ | The result of our focus on targeting waste minimisation through recycling this year was 56%. This was achieved by recycling <ul style="list-style-type: none"> • Glass • Mixed Recycling • Green Waste • Food Scraps • Paper and Card • Bio Oil However the main initiative to achieve this was educating staff and customers to get on board through communications. |

4. Cultural Focus Areas

4.1 Improve recognition of Tauranga's unique cultural identity

| Objective | Strategies | Performance Target | Status | Comments |
|---|--|---------------------------------------|--------|---|
| Explore and deliver initiatives to encourage major cultural events which promote Tauranga's distinctive culture and heritage. | Meet with Council and other agencies to understand, identify, and document Tauranga's "unique cultural identity". | Document completed by 1 October 2015. | ✗ | Council, as lead, is currently reviewing what is Tauranga's unique cultural identity with a number of stakeholders including BVL. |
| | Develop initiatives and events in consultation with Council that will encourage and attract major cultural events. | Plan completed by 1 January 2016. | ✓ | BVL will continue to work towards aligning its events strategy with the key strategic outcomes of the major events portfolio strategy adopted by Council and presented to BVL in December 2015. |

Financial

| | 14/15 Budget \$ | 15/16 Budget \$ | 15/16 Achievement \$ |
|----------------------------|--------------------|--------------------|-------------------------|
| Revenue | 14,869,090 | 16,286,331 | 16,460,142 |
| Less Cost of Goods Sold | 1,091,532 | 1,463,788 | 1,354,049 |
| Gross Profit | 13,777,558 | 14,822,543 | 15,106,093 |
| Less Operating Expenditure | 13,518,899 | 14,372,541 | 14,885,641 |
| EBITDA Surplus | 258,659 | 450,002 | 220,452 |

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





INDEPENDENT AUDITOR'S REPORT

To the Readers of Bay Venues Limited's Financial Statements and Performance Information for the Year ended 30 June 2016

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 the performance information of the company on her behalf.

Opinion on the Financial Statements and the Performance Information

We have audited:

- the financial statements of the company on pages 12 to 34, that comprise the statement of financial position as at 30 June 2016, the statement of comprehensive revenue and expense, 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 36 to 41.

In our opinion:

- the financial statements of the company:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2016; 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.
- the performance information of the company 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 2016.

Our audit was completed on 8 August 2016. This is the date at which our opinion is expressed.

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

Basis of Opinion

We carried out our audit in accordance with the Auditor General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and the performance information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers overall understanding of the financial statements and the performance information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and in the performance information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and the performance information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the company's financial statements and performance information 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.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board of Directors;
- the appropriateness of the reported performance information within the company's framework for reporting performance;
- the adequacy of the disclosures in the financial statements and in the performance information; and
- the overall presentation of the financial statements and the performance information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and the performance information. Also, we did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

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

Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation and fair presentation of financial statements for the company that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparation of the performance information for the company.

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

The Board of Directors is responsible for such internal control as it determines is necessary to enable the preparation of financial statements and performance information that are free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for the publication of the financial statements and the performance information, whether in printed or electronic form.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and the performance information and reporting that opinion to you based on our audit. Our responsibility arises from the Public Audit Act 2001.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor General, which incorporate the independence requirements of the External Reporting 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





Bay Venues

INCORPORATING

ASB

BAYPARK
ARENA
STADIUM

BVe
BAY VENUES EVENTS

CLUBfit

Baywave
THE AQUATIC & LEISURE CENTRE

MOUNT
HOT POOLS

THE UNIVERSITY OF WAIKATO
ADAMS CENTRE
FOR HIGH PERFORMANCE

BayCatering

BayAudioVisual

BayKids

BayActive

BaySwim