





CONTENTS

- 03** Our Year in Numbers
- 05** Stories of the Year
- 07** Our Values and Principles
- 08** Chairperson’s Report
- 10** Chief Executive’s Report
- 13** Financial Statements 2018-2019
 - 13 Statement of Comprehensive Income
 - 14 Statement of Changes in Equity
 - 15 Statement of Financial Position
 - 16 Statement of Cashflows
- 18** Statement of Accounting Policies
- 36** Statutory Disclosures
- 38** Statement of Intent Performance
- 40** Independent Auditor’s Report





OUR YEAR IN NUMBERS

REVENUE

\$19.55m*

 **8%** on prior year**

TCC Community Outcome Subsidy

\$2.77m

Aquatics

\$3.40m

Indoor Facilities

\$1.40m

Memberships

\$2.22m

Events & Catering

\$6.72m

Other User Fees

\$3.05m



 **29%**

144

Bay Venues Incidents

 **80%**

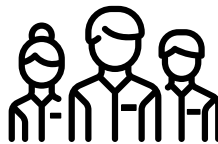
5 Worker

Medical Treatment Incidents

 **80%**

1 Worker

Lost Time Incident



108

FULL TIME

120

PART TIME

102

CASUAL



Overall Satisfaction with ...

Customer Experience

88%

Customer Service

89%

Quality of Facility

90%

Accessibility of Facility

90%

Quality of Programme

86%

* Excludes TCC Debt Servicing and TCC Renewal Funding

** Refer notes to Financial table on page 39

VISITORS

2.11m

to our
community facilities

559,445

Visitors to Trustpower
Baypark (Arena & Stadium)

500,103

Visitors to our
Community Centres & Halls

306,585

Visitors to our
Indoor Sports Facilities

745,099

Visitors to our
Aquatic Facilities



60

Regional / National
Indoor Sporting Tournaments

26

Regional / National
Aquatic Tournaments



Participants in BVL Led
Activity Programmes

35,882

ADULT & SENIOR

79,077

CHILD & YOUTH

23,838

PRE-SCHOOL



29,770

Hours within our
3 Community Centres

18,019

Hours within our
8 Community Halls



STORIES OF THE YEAR

SUMMER CONCERT SERIES

We welcomed the New Year in with an amazing round of concerts. Starting on New Year's Day with the Bay Dreams Pre-Party before the main event Bay Dreams on January 2nd. Then a week later the Summers Day Live event headlined by TOTO and Dragon on January 9th and Summers Day Disco bringing The Jacksons, Kool & The Gang, The Pointer Sisters, Village People and Sister Sledge to Tauranga on January 10th. A total of 47,980 people packed into the Trustpower Baypark site over the four days to enjoy the sounds of summer.



BASKETBALL

We've continued to support the growth of Basketball not only in the city but as part of a regional and national enduring interest by both youth and adults in the game. Basketball is predicted to be the most popular sport in New Zealand by 2020 and increased demand for court time would confirm these statements. At Trustpower Arena and Queen Elizabeth Youth Centre we've hosted over 14 tournaments ranging from the NBL, the Mel Young Easter Tournament, Secondary School, AIMS Games, Nationals, Hoop Nation through to Mini Ball for 6-8-year olds. On top of this each week the Trustpower Arena, QEYC, Merivale and Aquinas Sports Centres host training sessions and games for up to six days a week.

NEW ZEALAND STOCK CAR CHAMPIONSHIPS

Trustpower Baypark hosted the National Stock Car Championships in February 2019. Over 186 competitors entered making it the biggest stock car championships for speedway in New Zealand. Held over two days with practice beginning on Friday night, Trustpower Stadium was alive with the sound of engines, spectators, drivers and support crew. A full card of events were held resulting in an overall champion for the event. *Photo: Graham Hughes, www.sportsworld.co.nz*



ADAMS ACADEMY

The Adams Academy, based at the University of Waikato Adams Centre for High Performance has over 60 high performance rated athletes from over 15 different sports such as Sport Climbing, Judo, Swimming, Rowing to name a few. The Adams Academy offers a sport specific strength and conditioning programme targeted at local developing athletes with high performance potential. Eligible athletes are offered support services alongside the strength and conditioning such as nutritional, sport psychology, and discounted physiotherapy sessions thanks to our partners at the Centre. The Academy is sponsored by philanthropist Sir Paul Adams.



MOUNT HOT POOLS

Mount Hot Pools was inducted into the Trip Advisor Hall of Fame in late 2018. To attain this award, you need to have five consecutive years of 'Excellence' Reviews. For the users of the Mount Hot Pools, this is not a surprise as the community has enjoyed the helpful, friendly staff and cleanliness of facility along with the beautiful surroundings for many years. Only 10% of businesses reach excellence, so five consecutive years is a great achievement and we are very proud of the team and appreciative of the community support.



TUMBLE TIME

Each week, either QEYC or Trustpower Arena are the places to be if you are between 1 and 5 years old. The BVL led Tumble Time programme offers pre-schoolers and their carers a big wide space for children to run around and play freely with other children of the same age. During the year we've had over 20,000 pre-schoolers enjoying bouncy castles, slides, scooters, trikes, balls, mega blocks, obstacle courses, trampolines, toys and much more whatever the weather is outside. A great opportunity for both the kids and the parents/carers to socialise and get support.



ENRICHING TAURANGA FOR EVERYONE

In 2017 the Board of Directors endorsed a new strategic plan for the period 2018-2020. The strategy centred around enriching Tauranga for everyone anchored in our purpose as the kaitiaki of community facilities, caring and optimising our facilities to create value for Tauranga City and enhancing the quality of life of its people now and into the future.

Our employees work to a set of staff-led values and our management team lead through a guiding set of principles. During the year we have implemented actions and initiatives under five pillars.

FACILITIES

Our 24 facilities are well looked after, maintained and presented and provide a safe environment for staff and visitors. We ensure that we utilise our current facilities to their potential whilst reviewing where our facilities are no longer fit for purpose and where the community has a need for new facilities to meet future needs.

PEOPLE

That our people are right for the part they play in delivering our strategy of enriching Tauranga for everyone. That we ensure we provide a safe, engaged and learning environment to work within.

PRODUCTS & EXPERIENCES

That the range of products and experiences offered by Bay Venues contribute to the wellbeing of our community. That the products and experiences offered improve the utilisation of our resources and grow existing revenue streams through events, exhibition, conference aquatic recreation, leisure and pay for play markets.

COLLABORATION & CO-INVESTMENT

Through strong partnerships, we provide thought leadership around planning and funding of recreational infrastructure in Tauranga to achieve the City's strategic objectives.

BUSINESS SYSTEMS

To provide business processes and systems that are the foundations to deliver on our purpose and achieve our vision.



CHAIRPERSON'S REPORT



The purpose of Bay Venues as a council-controlled organisation is to provide a range of services to the community on behalf of Tauranga City Council. It exists to care for and optimise community facilities to create value for Tauranga City and enhance the quality of life of its people, now and into the future.

Since its creation in 2013 we have continued to grow and adapt to the needs and expectations of a growing city. This year we welcomed over 2.1 million community members and visitors into our aquatic and indoor venues, our community halls and centres, stadium and arena.

BVL's strategic direction is based working along the lines of Tauranga City Council's aspiration and core drivers which are:

- Accessibility for all;
- More people, more active, more often;
- Community responsiveness and identity;
- Customer engagement, and satisfaction;
- Safe and well-maintained facilities;
- Maintain levels of service;
- Managing growth within existing facilities and provide input into TCC's strategies for managing city wide growth.

Our shareholder also has expectations for us to deliver community outcomes such as:

Health and safety: Ensure all facilities across the network are managed and operated in a safe environment for all workers, contractors, visitors and users at all times.

Asset management: That all our facilities are managed and maintained to a high level

Programmes and services: BVL will offer a diverse range of activities, programmes, events and experiences that respond to community needs with particular emphasis on different life-stages and demographics to encourage participation.

Planning for recreation and leisure facilities to cater for a growing city: BVL will actively contribute to discussions with both Council and members of the community in planning sport, recreation, leisure and aquatics facilities for

population and urban growth.

To ensure BVL is able to maintain accessibility and levels of service throughout our network, Tauranga City Council provides an operating grant each year. This fee for service has not increased, other than CPI adjustments, since BVL's was started in 2013 even though we have welcomed more than 900,000 additional users in through our front doors.

BVL profitably operates a number of its own businesses such as Clubfit, Bay Catering, Bay Audio Visual, Bay Events and Bayswim, in some part, balancing the costs involved in the provision of community programmes and facilities.

During the year we have commenced work on two of our Long Term Plan projects being the feasibility study for the CBD Recreation and Leisure Hub at Memorial Park and reviewing the options for a new event centre at Trustpower Baypark. We will deliver the results of both of these projects to Tauranga City Council and the community during the coming year.

The Board is happy to have announced Trustpower as naming rights sponsor for the Baypark site during the year. It seems right that a local organisation that has its roots in Tauranga has come on board to help us continue to drive the site as the entertainment hub of Tauranga.

The year proved challenging for our aquatics areas with a long hot summer that drove the public to the region's beautiful beaches rather than the indoor swimming pools but at the end of the financial year we sit at \$118,000 EBITDA* which the Board recognises as a result that required hard work from all parts of the Bay Venue organisation.

At the end of April Peter Farmer stepped down as Chairman along with Director Murray Gutry. They both joined the Board at the start of the BVL journey. Peter is passionate about how we can "Enrich Tauranga for everyone" through the provision of facilities and

* As calculated on page 39

programmes for all members of society. He is a champion of good governance and an advocate of evolving health and safety development to ensure our staff and customers safety is top of mind. Murray has an extensive background in sporting organisations through Sport Waikato and Sport NZ amongst others and his knowledge was invaluable across all of our recreation and high-performance facilities. We are very grateful for their tenure and input into Bay Venues over the last six years.

We welcomed three new Directors, Mary-Anne Macleod, Dr Bruce Bryant and Colin Groves. They have joined the board at a time where we look to the future to ensure that BVL continues to build on the solid ground work already underway to offer opportunities through our facilities and programmes to enhance the quality of life for our community members and visitors to Tauranga.

The remaining three Directors, Keith Tempest, Nick Lowe and Kylie Hawker Green are to be acknowledged for their continued professional service to Bay Venues.

I would also like to recognise Gary Dawson and the members of the senior leadership team in keeping a steady hand on the organisation along with the plus 320 staff who are employed on a full time, part time and casual basis. Thank you for your efforts across all of our 24 venues, keeping them well maintained, safe and providing a high-quality visitor experience for our customers.

We look forward to another successful year ahead.



Michael Smith
Chairman
Bay Venues Limited



CHIEF EXECUTIVE'S REPORT



Bay Venues Limited (BVL) is focused on creating value for Tauranga by optimising and caring for the facilities that are under our stewardship.

The year ended 30 June 2019 has once again seen BVL take the lead role in providing outstanding sport, cultural, recreation, and entertainment opportunities for Tauranga and the wider region.

Tauranga City Council rely heavily on BVL to deliver a wide range of community facilities and services on their behalf. They set 34 performance objectives and targets that must be met. I am pleased to report that once again BVL has completed a year of strong performance in their regard achieving 91% of the set targets.

Tauranga City Council provide BVL with \$2,767m annually to provide these and other services. Apart from CPI increases this amount has not increased over the last six years. In return for this investment, Tauranga City Council want to see more people visiting BVL facilities and using our programmes. This year saw total number of visitors to BVL facilities increase from 2.098m in FY18 to 2.111m in FY19.

This year BVL has continued to achieve high levels of customer satisfaction throughout our network of facilities, and the programmes and services we offer. We exceeded the targets set by Tauranga City Council and this is a direct result of the commitment BVL staff have to customers, our Cycle of Service initiative, and increased spending in facility presentation.

BVL continues to place a great deal of focus and resource into health and safety. Staff engagement surveys and independent surveys show a strong health and safety culture throughout the organisation and the key metric we measure continues to show a declining trend in facility related incidents in comparison to last year as a result of improved staff education on incident types and controls.

This year we have put more emphasis on addressing the health and safety aspects of major events and going forward we will be taking this to another level as there is heightened awareness as a result of the Christchurch

mosque attack and other incidents overseas.

BVL endeavours to ensure our facilities are open and accessible for the maximum period and this year we have once again met our service targets in this regard. Aging plant in the aquatic networks provide challenges however the comprehensive asset management and remedial programmes we have in place helps ensure we minimise disruptions.

Staff turnover continues to be one of our key challenges. One of the main areas where we have high turnover is in aquatics where nationally turnover rates are high. Key contributing factors for BVL this year are remuneration, a tight labour market, and high cost of housing and rental accommodation in Tauranga. Next year's budget is designed to help address the remuneration issues.

In FY19 we have put more emphasis than ever before on wellness and staff engagement including new initiatives to improve internal staff communication, service recognition awards, staff social activities, and opportunities to improve individual wellbeing.

The University of Waikato Adams Centre for High Performance has completed another successful year and continues to build on its national reputation as a centre of excellence. Of particular note is the newly established Adams Academy which has grown to 60 athletes who have achieved outstanding results on the national and international stage.

In this financial year, BVL grew revenue by \$1.4 million* or 8% however we failed to meet our EBITDA target of \$422,000. A key contributor to the EBITDA result was the negative impact the long, hot summer had on the financial performance of the Mount Hot Pools and the Baywave Aquatic Centre. In addition, two of our business units did not perform up to expectations. Events, Clubfit and venue hire all had strong financial results for the year contributing to a \$1.331m EBITDA for the Commercial business unit overall, an increase of 45% over last year.

* As calculated on page 39

Not only has FY19 been a positive year in terms of meeting performance targets, we have also initiated a number of major projects that have the potential to significantly enhance the lives of people in Tauranga. A major feasibility study has been initiated to develop a new Recreation and Leisure Centre at Memorial Park which will have an indoor aquatic centre as its first core component. Preliminary design work and costings have also been completed for a new event centre at Trustpower Baypark.

Investment has been made in an internal project to transform our digital information platform so that we can be more responsive to customers and drive efficiencies through improved system integration.

A highlight of the year was entering into a long-term naming rights partnership with Tauranga based company, Trustpower. Trustpower Baypark including the Trustpower Stadium and Trustpower Arena are iconic venues and now have an association with a leading national company that has a focus on contributing to Tauranga's community.

Trustpower Baypark continues to be the entertainment hub of the Bay of Plenty region with an increasing number of events being hosted there each year. In a report by Fresh Info on the economic benefit of our largest event, the Bay Dreams festival held on 2nd January 2019, showed that of the 29,347 people who attended the festival

25,243 were from out of town, staying an average of two nights resulting in a net benefit to the city of over \$4m. A masterplan for Trustpower Baypark has been developed to ensure this venue is able to continue to meet the growing and varied demands for the future.

Our community focused venues and programmes continue to deliver great value to Tauranga in meeting the needs of a growing and diverse city and region.

The excellent results we have achieved this year are a direct result of an outstanding team at BVL. Our dedicated staff through to our supportive Board of Directors have all made a significant contribution to our success. In particular, I want to recognise my Senior Leadership Team who achieve great things through their commitment, passion and leadership.



Gary Dawson
Chief Executive
Bay Venues Limited



**ENRICHING
TAURANGA**



**FOR
EVERYONE**



FINANCIAL STATEMENTS 2018-2019

STATEMENT OF COMPREHENSIVE REVENUE & EXPENSES for the Year ended 30 June 2019

	Note	2019 Actual (\$,000's)	2019 Budget (\$,000's)	2018 Actual (\$,000's)
Revenue				
User Revenue	2	16,641	21,546	19,900
Other Income	3	145	150	158
TCC Maintenance Funding	2	-	25	475
TCC Operational Grant	2	2,767	2,626	2,584
TCC Debt Servicing Grant	2	520	520	520
TCC Renewal Funding	2	2,437	3,854	3,133
Total Operational Revenue		22,510	28,721	26,770
Expenditure				
Employee Expense	4	11,440	11,267	10,203
Administrative Expense	8	1,242	1,425	1,222
Consulting & Governance Expense	5	636	558	1,033
Operating Expense (incl. COGS)	6	5,415	9,943	9,853
Repairs & Maintenance Expense		704	731	700
Rehabilitation Expense		204	-	-
Finance Costs		715	807	676
Depreciation & Amortisation Expense	7	6,256	6,693	5,925
Total Operating Expenditure		26,612	31,424	29,612
Surplus/(Deficit) before Tax		(4,102)	(2,703)	(2,842)
Income Tax Expense/(Benefit)	9	882	-	1,570
Surplus/(Deficit) after Tax		(3,220)	(2,703)	(1,272)
Other Comprehensive Revenue & Expense				
Gain on Property, Plant & Equipment Revaluation	14	-	-	10,310
Tax on Revaluation		-	-	(2,799)
Total Comprehensive Income for the Year		(3,220)	(2,703)	6,239

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

STATEMENT OF CHANGES IN EQUITY for the Year ended 30 June 2019

	Retained Earnings (\$,000's)	Revaluation Surplus (\$,000's)	Other Reserves (\$,000's)	Total Equity (\$,000's)
Balance as at 1 July 2017	(18,599)	20,837	681	87,151
Surplus or Deficit for the Year	(1,272)	-	-	(1,272)
Other Comprehensive Income				
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)
Balance as at 30 June 2018	(19,941)	28,348	750	93,390
Balance as at 1 July 2018	(19,941)	28,348	750	93,390
Comprehensive Income				
Surplus or Deficit for the Year	(3,220)	-	-	(3,220)
Other Comprehensive Income				
Revaluation Adjustment on Disposal	-	-	-	-
Tax on Revaluation Gain	-	-	-	-
Transfer to ASB Reserve	750	-	(750)	-
Transfer to Trustpower Reserve	(133)	-	133	-
Total other Comprehensive Income (net of tax)	(617)	-	(617)	-
Balance at 30 June 2019	(22,544)	28,348	133	90,170

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

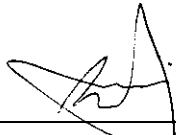
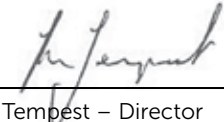


FINANCIAL STATEMENTS 2018-2019

STATEMENT OF FINANCIAL POSITION as at 30 June 2019

	Note	2019 Actuals (\$,000's)	2018 Actuals (\$,000's)
ASSETS			
Current Assets			
Cash & Cash Equivalents	10	364	339
Inventories	11	373	324
Debtors & other Receivables	12	1,571	1,595
Total Current Assets		2,308	2,258
Non-current Assets			
Other Non-current Assets	15	1,178	726
Intangible Assets	13	596	633
Property, Plant & Equipment	14	115,742	118,104
Total Non-current Assets		117,516	119,463
Total Assets		119,824	121,721
LIABILITIES			
Current Liabilities			
Employee Entitlements	16	1,157	1,002
Creditors & other Payables	17	3,176	1,996
Borrowings – University of Waikato Adams Centre for High Performance Loan	18	974	974
Total Current Liabilities		5,307	3,972
Non-current Liabilities			
Borrowings	18	14,707	13,839
Deferred Tax	9	9,638	10,521
Total Non-current Liabilities		24,345	24,360
Total Liabilities		29,652	28,332
Net Assets		90,172	93,389
EQUITY			
Share Capital	19	84,232	84,232
Retained Earnings	20	(22,542)	(19,941)
Other Reserves	22	133	750
Revaluation Reserves	21	28,349	28,348
Total Equity		90,172	93,389

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

	<u>2nd September 2019</u>		<u>2nd September 2019</u>
Michael Smith – Director	Date	Keith Tempest – Director	Date

STATEMENT OF CASHFLOWS for the Year ended 30 June 2019

	Note	2019 Actuals (\$,000's)	2018 Actuals (\$,000's)
OPERATING ACTIVITIES			
Cash received from Customers		17,352	19,288
Grants received		5,724	6,262
Dividend received		19	18
Cash received from other Sources		298	140
Goods & Services Tax (net)		103	-
		23,496	26,158
Payments to Employees		(11,285)	(10,159)
Payments to Suppliers		(8,032)	(12,919)
Interest paid		(715)	(676)
Goods & Services Tax (net)		-	(56)
		(20,032)	(23,810)
Net Cash from Operating Activities	24	3,464	2,348
INVESTING ACTIVITIES			
Cash Flows from Investing Activities			
Proceeds from Sale of Property, Plant & Equipment		27	-
		27	-
Purchase of Property, Plant & Equipment		(3,882)	(3,743)
Depreciation on Investment		(452)	(350)
		(4,334)	(4,093)
Net Cash from Investing Activities		(4,307)	(4,093)
FINANCE ACTIVITIES			
Cashflows from Financing Activities			
Proceeds from Borrowings		14,180	16,946
		14,180	16,946
Repayment of TCC Borrowings		(12,580)	(15,030)
Repayment of TECT borrowings		(732)	-
		(13,312)	(15,030)
Net Cash from Financing Activities		868	1,916
Net Increase/Decrease in Cash held		25	171
Cash & Cash Equivalents at Beginning of Year		339	168
Cash & Cash Equivalents at End of the Year	10	364	339

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 2019. The financial statements were authorised for issue by Bay Venues Limited Directors on 21st August 2019.

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 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 interpretations issued that are not yet effective

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

1.3 REVENUE RECOGNITION

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

Sale of Goods

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

User Fees 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 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.



STATEMENT OF ACCOUNTING POLICIES

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 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 include 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.

CLASS OF ASSET DEPRECIATED	Useful Life (Years)	Depreciation Method
Operational Assets		
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	3 - 10	10 - 33.3%

1.13 IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Intangible 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



STATEMENT OF ACCOUNTING POLICIES

would, if deprived of the asset, replace its remaining future economic benefits or service potential.

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

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

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

The reversal of an impairment loss on a revalued asset is credited to other comprehensive income and increases the asset revaluation reserve for that class of asset.

However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of the impairment loss is also recognised in the surplus or deficit.

For assets not carried at a revalued amount (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 Trustpower 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 2018/19 Annual Plan. The budget figures have been

1.22 EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

Note 27 provides explanations of major variances against budget.

prepared in accordance with NZ GAAP and are consistent with the accounting policies adopted by Bay Venues Limited for the preparation of the financial statements.

1.21 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING 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

	2019 Actual (\$,000's)	2019 Budget (\$,000's)	2018 Actual (\$,000's)
Non-exchange			
TCC Operational Grant	2,767	2,626	2,584
TCC Debt Servicing Grant	520	520	520
TCC Maintenance Grant	-	25	475
TCC Renewal Funding	2,437	3,854	3,133
Aquatics	3,398	3,494	3,209
Indoor Facilities	1,400	1,467	1,375
Childcare	229	275	214
Memberships	204	218	203
Total Non-exchange	10,955	12,479	11,713
Exchange			
Memberships	2,012	1,900	1,909
Events & Catering	6,718	11,089	10,395
Other User Fees & Charges	2,825	3,252	2,753
Total Exchange	11,555	16,241	15,057
Total Exchange & Non-exchange Revenue	22,510	28,720	26,770



STATEMENT OF ACCOUNTING POLICIES

NOTE 3: OTHER REVENUE

	2019 Actual (\$,000's)	2019 Budget (\$,000's)	2018 Actual (\$,000's)
Rental	33	32	53
Dividends	19	35	18
Interest received	-	-	-
Sponsorship	93	83	87
Total other Revenue	145	150	158

NOTE 4: EMPLOYEE EXPENSES

	2019 Actual (\$,000's)	2019 Budget (\$,000's)	2018 Actual (\$,000's)
Salaries & Wages	10,895	10,645	9,722
Defined Contribution Plan Employer Contributions (KiwiSaver)	249	245	233
Other Personnel Expense	296	377	248
Total Employee Expenses	11,440	11,267	10,203

NOTE 5: CONSULTING AND GOVERNANCE EXPENSES

	2019 Actual (\$,000's)	2019 Budget (\$,000's)	2018 Actual (\$,000's)
Audit Fees	76	79	74
Consulting	263	205	704
Director Fees	257	240	226
TCC Shared Services	23	22	22
Tax Advisory	17	12	7
Total Consulting & Governance Expenses	636	558	1,033

NOTE 6: OPERATING EXPENSES

	2019 Actual (\$,000's)	2019 Budget (\$,000's)	2018 Actual (\$,000's)
Cost of Goods sold	1,295	1,338	1,366
Electricity	957	964	945
Insurance	252	204	220
Other	1,911	1,887	2,631
Events Expenses	536	5,000	4,189
Marketing	464	550	502
Total Operating Expenses	5,415	9,943	9,853

NOTE 7: DEPRECIATION AND AMORTISATION EXPENSE

	2019 Actual (\$,000's)	2018 Actual (\$,000's)
Buildings & Improvements	4,387	4,279
Intangibles	178	199
Office Furniture & Equipment	388	323
Plant & Equipment	1,268	1,086
Motor Vehicles	35	38
Total Depreciation & Amortisation Expense	6,256	5,925

NOTE 8: ADMINISTRATIVE EXPENSES

	2019 Actual (\$,000's)	2018 Actual (\$,000's)
Operating Lease Costs	234	216
Other Administrative Expenses	1,008	1,006
Total Administrative Expenses	1,242	1,222

NOTE 9: INCOME TAX EXPENSE/(BENEFIT)

(A) Operational Surplus /(Deficit) before Taxation	2019 Actual (\$,000's)	2018 Actual (\$,000's)
Operational Surplus /(Deficit) before Taxation	(4,102)	(2,842)
Prima Facie Taxation at 28% (2018: 28%)	(1,148)	(795)
Non-deductible Expenditure	942	1,014
Non-taxable Income	(1,619)	(1,826)
Deferred Tax Adjustment	943	37
Taxation Expense/(Benefit)	(882)	(1,570)

Components of Tax Expense

Current Taxation	-	-
Deferred Taxation Expense/(Benefit)	(882)	(1,570)
Taxation Expenses/(Benefit)	(882)	(1,570)

(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 2017	(15,406)	142	18	5,952	(9,294)
Charged to Surplus or Deficit	663	(6)	7	907	1,571
Charged to other comprehensive Income	(2,799)	-	-	-	(2,799)
Balance at 30 June 2018	(17,542)	136	25	6,860	(10,521)
Charged to Surplus or Deficit	(102)	24	5	955	882
Charged to other comprehensive Revenue & Expense	1	-	-	-	1
Balance at 30 June 2019	(17,643)	160	30	7,815	(9,638)



STATEMENT OF ACCOUNTING POLICIES

NOTE 10: CASH AND CASH EQUIVALENTS

	2019 Actual (\$,000's)	2018 Actual (\$,000's)
Cash	364	339
Total Cash & Cash Equivalents	364	339

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

NOTE 11: INVENTORIES

	2019 Actual (\$,000's)	2018 Actual (\$,000's)
Held for Distribution Inventories		
Chemicals at Cost	6	10
Held for Commercial Inventories		
Merchandise at Cost	200	149
Food & Beverages	167	165
Total Inventories	373	324

There is no write down of inventory during the year. No inventory is pledged as security for liabilities (2018 \$nil).

NOTE 12: DEBTORS AND OTHER RECEIVABLES

	2019 Actual (\$,000's)	2018 Actual (\$,000's)
Trade Debtors	1,233	1,359
Accruals	185	122
GST receivable	-	57
Provision for doubtful Receivables	(10)	(23)
Prepayments	163	80
Total Debtors & other Receivables	1,571	1,595
Receivables from Non-exchange Transactions	494	764
Receivables from Exchange Transactions	1,077	831
Total Debtors & other Receivables	1,571	1,595

	2019 Gross (\$,000's)	Impairment (\$,000's)	2019 Net (\$,000's)	2018 Gross (\$,000's)	Impairment (\$,000's)	2018 Net (\$,000's)
Trade & related Parties Debtors						
Not Past Due	1,051	-	1,051	547	-	547
Aged Receivables: 31 - 60 Days	62	-	62	527	-	527
Aged Receivables: 61 - 90 Days	20	-	20	57	-	57
Aged Receivables: greater than 90 Days	100	(10)	90	228	(23)	205
	1,233	(10)	1,223	1,359	(23)	1,336

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 \$10,050 was provided for doubtful debt at 30 June 2019. (2018: \$22,934)

NOTE 13: INTANGIBLE ASSETS

	Computer Software (\$,000's)	Total (\$,000's)
Cost		
Balance at 1 July 2017	1,388	1,388
Additions	129	129
Balance as at 30 June 2018	1,517	1,517
Balance at 1 July 2018	1,517	1,517
Additions	141	141
Balance as at 30 June 2019	1,658	1,658
Accumulate Amortisation & Impairment		
Balance as at 1 July 2017	(685)	(685)
Amortisation Charge 2017	(199)	(199)
Balance as at 30 June 2018	(884)	(884)
Balance as at 1 July 2018	(884)	(884)
Amortisation Charge 2018	(178)	(178)
Balance as at 30 June 2019	(1,062)	(1,062)
Carrying Amounts		
As at 1 July 2017	703	703
As at 30 June 2018	633	633
As at 30 June 2019	596	596

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 as at 30 June 2019	2018 Cost/ Valuation (\$,000's)	2018 Accum Depr (\$,000's)	Opening Book Value (\$,000's)	2019 Asset Additions (\$,000's)	2019 Asset Disposals (\$,000's)	Current Deprn (\$,000's)	Re- classified (\$,000's)	2019 Re- valuation (\$,000's)	Cost Reval (\$,000's)	2019 Accum Deprn (\$,000's)	20189 Closing Book Value (\$,000's)
At Cost & Valuation											
Land	900	-	900	-	-	-	-	-	900	-	900
Buildings & Improvements	106,634	(4,328)	102,305	467	(10)	(4,385)	-	-	107,088	(8,711)	98,377
Plant & Equipment	14,296	(1,266)	13,030	1,207	(18)	(1,268)	-	-	15,485	(2,531)	12,954
Office Furniture & Equipment	2,948	(1,673)	1,276	361	-	(388)	-	-	3,308	(2,060)	1,248
Motor Vehicles	402	(222)	180	73	-	(35)	-	-	474	(258)	216
SubTotal	125,180	(7,489)	117,691	2,107	(28)	(6,076)	-	-	127,255	(13,560)	113,695
Work in Progress	413	-	413	3,741	(2,107)	-	-	-	2,047	-	2,047
Total	125,593	(7,489)	118,104	5,848	(2,135)	(6,076)	-	-	129,302	(13,560)	115,742

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

Bay Venues Ltd as at 30 June 2018	2017 Cost/ Valuation (\$,000's)	2017 Accum Depr (\$,000's)	Opening Book Value (\$,000's)	2018 Asset Additions (\$,000's)	2018 Asset Disposals (\$,000's)	Current Deprn (\$,000's)	Re- classified (\$,000's)	2018 Re- valuation (\$,000's)	Cost Reval (\$,000's)	2018 Accum Deprn (\$,000's)	2018 Closing Book Value (\$,000's)
At Cost & Valuation											
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
SubTotal	124,984	(15,530)	109,454	3,653	-	(5,726)	-	10,310	125,180	(7,489)	117,691
Work in Progress	452	-	452	3,743	(3,782)	-	-	-	413	-	413
Total	125,436	(15,530)	109,906	7,396	(3,782)	(5,726)	-	10,310	125,593	(7,489)	118,104

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 except for a house at Miro Street. All land is owned by Tauranga City Council, with some of this land being reserve land. As such there are restrictions on both use and disposal of these Buildings and Improvements.

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

Plant

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

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

The age of each asset has been established utilising:

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

The 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 \$2,164,640 (2018 \$413,098).



STATEMENT OF ACCOUNTING POLICIES

NOTE 15: OTHER INVESTMENTS – NON-CURRENT PORTION

	2019 Actual (\$,000's)	2018 Actual (\$,000's)
Related Party Investments		
Depreciation Investment	1,178	726
Total other Investments – Non-current Portion	1,178	726

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

	2019 Actual (\$,000's)	2018 Actual (\$,000's)
Accrued Pay	323	355
Annual Leave	569	484
ACC Employer Contribution	106	87
Payroll Taxes	159	76
Total Employee Entitlements	1,157	1,002

NOTE 17: CREDITORS & OTHER PAYABLES

	2019 Actual (\$,000's)	2018 Actual (\$,000's)
Income in Advance	1,567	707
Trade & other Payables	299	428
Accrued Expenditure	1,187	845
Deposits & Bonds	12	12
Other Payables	8	3
GST Payable/(Receivable)	103	-
Total Creditors & other Payables	3,176	1,995
Payables from Non-exchange Transactions	2,360	870
Payables from Exchange Transactions	816	1,125
Total Creditors & other Payables	3,176	1,995

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 \$10,325 (2018: \$19,348).

NOTE 18: BORROWINGS

	2019 Actual (\$,000's)	2018 Actual (\$,000's)
Current Borrowings		
University of Waikato Adams Centre for High Performance	974	974
<i>The borrowing is secured over the University of Waikato Adams Centre for High Performance as per the loan agreement.</i>		
Non-current Borrowings		
Loan from Tauranga City Council	14,707	13,107
Tauranga Energy Consumer Trust	-	732
Total Borrowings	14,707	13,839

SECURITY

Tauranga City Council loan is unsecured.

Council has agreed to guarantee the University of Waikato Adams Centre for High Performance loan on the terms contained in the Agreement.

NOTE 19: SHARE CAPITAL

(A) Fully paid ordinary shares	2019 Actual (\$,000's)	2018 Actual (\$,000's)
Balance at Beginning of Financial Year	84,232	84,232
Reclassification of Capital	-	-
Total Closing Share Capital	84,232	84,232

- 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

	2019 Actual (\$,000's)	2018 Actual (\$,000's)
Accumulated Funds		
Balance at 1 July	(19,941)	(18,600)
Surplus/(Deficit) for the Year	(3,220)	(1,272)
Transfer to ASB Reserve	750	(69)
Transfer to Trustpower Reserve	(133)	-
Balance 30 June	(22,542)	(19,941)



STATEMENT OF ACCOUNTING POLICIES

NOTE 21: REVALUATION RESERVE

	2019 Actual (\$,000's)	2018 Actual (\$,000's)
Balance at 1 July	28,348	20,837
Net revaluation gains	-	7,511
Balance at 30 June	28,348	28,348

NOTE 22: OTHER RESERVES

	2019 Actual (\$,000's)	2018 Actual (\$,000's)
Naming Rights	133	750
Balance at 30 June	133	750

The Naming Rights reflects the Trustpower naming rights arrangement for Trustpower Baypark. The ASB naming rights (2018: \$750,000) ended last year and a new contract was signed with Trustpower.

NOTE 23: CONTINGENCIES

Bay Venues Limited has no contingent liabilities at 30 June 2019 (2018: nil).

Bay Venues Limited has no contingent assets at 30 June 2019 (2018: nil).

Bay Venues Limited has no contingent rent recognised during the year. (2018: nil).

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

	2019 Actual (\$,000's)	2018 Actual (\$,000's)
Net Surplus / (Deficit) from Statement of Comprehensive Income	(3,220)	(1,272)
Add/(Deduct) Non-cash Items		
Depreciation / Amortisation plus Loss on Disposal + Revaluation gain	6,256	5,925
Add/(Deduct) Movements in Working Capital		
Movement in Trade & other Receivables	24	(618)
Movement in Inventories	(49)	(30)
Movement in Employee Entitlements	155	44
Movement in Trade & other Payables	1,078	(75)
Movement in GST Payable	103	(56)
Movement in Deferred Tax Asset	(883)	(1,570)
Net Cash from Operating Activities	3,464	2,348

NOTE 25: CAPITAL COMMITMENTS & OPERATING LEASES

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

	2019 Actual (\$,000's)	2018 Actual (\$,000's)
Baywave Upgrade and Renewal	1,481	-
Roading Network	-	244
Childcare Upgrade	-	55
Buildings	-	-
Fire Detection	4	-
Total Capital Commitments	1,485	299

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:

	2019 Actual (\$,000's)	2018 Actual (\$,000's)
Not later than one year	1	61
Later than one year and not later than five years	-	-
Later than five years	-	-
Total Finance Leases as Lessee	1	61

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:

	2019 Actual (\$,000's)	2018 Actual (\$,000's)
Not later than one year	141	127
Later than one year and not later than five years	117	205
Later than five years	-	-
Total Operating Leases as Lessee	258	332

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 - 72 months.

	2019 Actual (\$,000's)	2018 Actual (\$,000's)
Not later than one year	581	564
Later than one year and not later than five years	1,390	1,543
Later than five years	880	1,044
Total Non-cancellable Operating Leases	2,851	3,151

No contingent rents have been recognised during the year (2018: 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.

	2019 Actual (\$,000's)	2018 Actual (\$,000's)
Transactions with Key Management Personnel		
Salaries & other Short-term Employee Benefits	1,040	970
Directors Fees & Travel	256	211
Total Key Management Personnel Remuneration	1,296	1,181
Total Full-time Equivalent Personnel	7	7

Key management personnel include the Board of Directors, Chief Executive, Chief Financial Officer, Commercial Manager, Venues & Programmes Manager, Chief Operating Officer and People & Performance 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 was an independent chairperson serving on the University of Waikato Adams Centre for High Performance Advisory board which ended in December 2018.

NOTE 27: EXPLANATIONS OF MAJOR VARIANCES AGAINST BUDGET

Explanations for major variations from the Company's budget figures in the 2018-19 Financial Statements are as follows:

Statement of Comprehensive Revenue and Expense

Operating Revenue was behind budget mainly due to a change in revenue recognition of a major event. We also experienced lower visitor numbers at our aquatic centres during the summer period, as a result of extended hot summer weather conditions. Operating expenses were significantly below budget as a result of the change in revenue recognition mentioned above (offset impact).

TCC Renewal Funding was lower than budget due to a small number of significant projects that were either not required or delayed to the following year.

NOTE 28: FINANCIAL INSTRUMENTS

(A) Financial Instrument Categories	2019 Actual (\$,000's)	2018 Actual (\$,000's)
FINANCIAL ASSETS		
Cash & Cash Equivalents	364	339
Debtors & other Receivables	1,408	1,459
Total Financial Assets	1,772	1,798
FINANCIAL LIABILITIES		
Creditors & other Payables	1,486	1,273
Borrowings – University of Waikato Adams Centre for High Performance Loan	974	974
Borrowings – TCC Loan	14,707	13,107
Borrowings – Tauranga Energy Consumer Trust	-	732
Total Financial Liabilities	17,167	16,086

(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.

(a) Market Risk

Fair value interest rate risk

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

Cash flow interest rate risk

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

Currency risk

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

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

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

(b) Credit Risk

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

The carrying value of financial instruments in the Statement of Financial Position reflects their credit risk exposure. The exposures are net of any 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 2019 all financial instruments were held with the New Zealand registered trading banks which are rated AA--.



STATEMENT OF ACCOUNTING POLICIES

(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.

	2019 Actual (\$,000's)	2018 Actual (\$,000's)
Financial Assets		
Cash & Cash Equivalents	364	339
Debtors & other Receivables	1,408	1,459
Total Financial Assets	1,772	1,798
Financial Liabilities		
Creditors & other Payables	1,486	1,273
Borrowings – University of Waikato Adams Centre for High Performance Loan	974	974
Borrowings – TCC Loan	14,707	13,107
Borrowings – Tauranga Energy Consumer Trust – Adams Centre Loan	-	732
Total Financial Liabilities	17,167	16,086

NOTE 29: EMPLOYEES REMUNERATION EXCEEDING \$100,000

	Number of Employee	
	2019 Actual	2018 Actual
\$100,000 - \$110,000	-	1
\$110,001 - \$120,000	2	2
\$120,001 - \$130,000	-	2
\$130,001 - \$140,000	2	-
\$140,001 - \$150,000	-	1
\$160,001 - \$170,000	2	2
\$170,001 - \$180,000	1	-
\$260,001 - \$270,000	1	1
Total Number of Employees	8	9

Remuneration includes paid and payable at 30 June 2019.

NOTE 30: EVENTS OCCURING 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	2019	2018
260,001 - 270,000	1	1

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

Director	Appointed Date	Resigned Date	2019		2018	
			Director Fees (\$)	Travel & Accommodation (\$)	Director Fees (\$)	Travel & Accommodation (\$)
Peter Farmer (Chair)	1 April 2013	30 April 2019	55,000	-	55,000	-
Keith Tempest	1 April 2013	N/A	33,000	-	30,000	-
Murray Gutry	1 April 2013	30 April 2019	27,500	2,447	30,000	4,085
Michael Smith	1 July 2017	N/A	45,375	-	30,000	-
Kylie Hawker Green	1 July 2017	N/A	33,000	2,809	30,000	1,614
Nick Lowe	1 July 2017	N/A	33,000	-	30,000	-
Mary-Anne MacLeod	1 May 2019	N/A	5,500	-	-	-
Colin Groves	1 May 2019	N/A	5,500	-	-	-
Dr Bruce Bryant	1 May 2019	N/A	5,500	-	-	-

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

Director fee was 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
Health & Safety	Declining trend in facility related incidents measured from previous year.	10%		We have continued to show a declining trend in facility related incidents in comparison to the 2017/2018 year. With 204 incidents last year against 144 for the FY19.
Asset Management	Rated on zero major service disruptions > 4 hours due to asset maintenance or operational deficiencies.	10%		There have been no asset management related service disruptions over four hours during the year.
People	Turnover of permanent staff trending downwards measured from previous year.	10%		Staff turnover concluded the year at 31.7%. The result is a downward trend for the year due to a targeted and focused action plan.
Customer Satisfaction	85% of respondents in annual customer survey are satisfied or higher with the overall customer experience received.	20%		Annual Survey was completed by DELVE in May 2019. Overall Customer Satisfaction for the Bay Venues Network was 88%.
Community Outputs	Meet at least 85% of the 34 performance objectives and measures within the Contract for the Supply of Community Facilities and Services with TCC.	20%		91% of our performance objectives and measures were met. Three measures were not met during the year relating to three year average utilisation across the indoor sports, aquatics and community halls.
Financial				
• Revenue	Achieve \$22,378,000	10%		Revenue: \$19,553,516. 1% behind an adjusted budget of \$19,696,255* due to change in partnership structure of Bay Dreams music festival.
• EBITDA	Achieve \$422,000	10%		EBITDA: \$117,791. Shortfall to budget due to lower than anticipated aquatic visitors and volumes into our OSCAR / BayStation business.
Return on Investment	TCC fee for service per user ratio is trending downwards.	10%		TCC fee for service per user ratio improved marginally in comparison with the previous year.

* Refer notes to financial table on page 39

Traffic Light Status Key

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



STATEMENT OF INTENT PERFORMANCE

FINANCIAL

	2018/19 Actual (\$,000's)	2018/19 Budget (\$,000's)	2017/18 Actual (\$,000's)
Revenue	19,554	24,347	23,117
Less Cost of Goods Sold	1,295	1,338	1,366
Gross Profit	18,258	23,009	21,751
Less Operating Expenditure	18,141	22,586	21,610
EBITDA Surplus	118	423	141

Notes:

- FY18/19 revenue is lower than prior year and budget due to change in partnership structure of Bay Dreams music festival (\$4.7m budget variance and \$4.9m variance to FY17/18).
- Includes TCC Community Outcome Subsidy, excludes TCC funding for depreciation, debt servicing and renewals. Excludes expenditure related to depreciation and debt servicing.
- Revenue includes user fees and charges 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.
- Operating costs exclude facility rehabilitation expenses of \$204,494, which are operating in nature but are funded via TCC Capital Grants.



INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF BAY VENUES LIMITED'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2019

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

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

OPINION

We have audited:

- the financial statements of the company on pages 13 to 35, that comprise the statement of financial position as at 30 June 2019, 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 2019; 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 Requirements; 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 2019.

Our audit was completed on 2 September 2019. 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, 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.



Clarence Susan

Audit New Zealand

On behalf of the Auditor-General

Tauranga, New Zealand

