

# TOURISM WAITAKI LIMITED

## Annual Report 2016-2017

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**Board of Directors**

|           |  |
|-----------|--|
| Chair     | Mike McElhinney  |
| Directors | Marcus Brown, James Glucksman, Adair Craik, Janine Tulloch |

**Senior Staff**

|                        |                                |
|------------------------|--------------------------------|
| General Manager        | Jason Gaskill                  |
| Communications Manager | Lisa Smith (from January 2017) |
| Operations Manager     | Wendy Simpson                  |
| Research Scientist     | Philippa Agnew                 |
| Accountant             | Richard Heeringa               |

**Head Office**      **8 Itchen Street**  
**Oamaru 9400**

**Solicitors**      **Lane Neave, Christchurch**

**Auditors**      **Audit New Zealand, on behalf of the Auditor-General**



## CHAIR REPORT

It has been an active year as Tourism Waitaki has undertaken several major projects - 12 months of development in the Victorian Heritage precinct for Whitestone City and major construction at the Blue Penguin Colony and further development of the Alps 2 Ocean Cycle Trail.

The planned construction at the Blue Penguin Colony is in the final stages of completion, providing an improved experience for visitors who come outside evening viewing hours. The Colony continues to be a major tourist attraction; the research facility continues to draw professional attention from the national and international scientific and conservation community.

A2O is a key project for Tourism Waitaki which continues to develop with new sections being opened through Enfield which bring the track off the major road. Revenue and numbers riding the track have grown. Work continues to develop with further plans for track improvements and shifting more sections off- road.

Tourism Waitaki has begun the consultation process for a review of the District Tourism Strategy, with a key priority to establish a district wide communication platform and clear identity for channels of communication between interested local bodies and Tourism Waitaki.

Tourism Waitaki has dedicated representation at national and international trade shows providing proven results for tourism throughout the District and is continuing to grow this market.

Consistent growth with our national and international visitors contribute to the Districts economy in a number of ways - hospitality, accommodation, fuel, retail and service providers which results in a direct increase in business investment within the District.

Tourism Waitaki has also been working closely with regional partners, particularly Dunedin and Christchurch airports to promote and raise the profile of Waitaki.

Tourism Waitaki has worked in collaboration with Southland and Otago to successfully secure the largest international trade event on the New Zealand tourism industry calendar, to be hosted in Dunedin for the very first time in 2018.

Financial performance improved from last year with a modest surplus.

My thanks to Tourism Waitaki Board Adair Craik, James Glucksman, Marcus Brown and Janine Tulloch.

Thank you to Jason Gaskill and his dedicated and professional team of staff for their commitment and drive in adapting to an increasingly vibrant tourism market.

Mike McElhinney  
Chair, Tourism Waitaki



## PERFORMANCE OVERVIEW

For the year ending 30 June 2017 Tourism Waitaki Limited (TWL) concentrated on tourism-based development, promotion, and industry services for the wider District. In so doing, TWL worked closely with the Council to further its objective to make the Waitaki District a prosperous, affordable, vibrant place to visit, work, and live. TWL also worked closely with regional partners, fostered greater commercial relationships, entered into new alliances, and expanded internal capacity. The company added highly qualified staff, opened Whitestone City, and undertook a major redevelopment of the Penguin Colony. The District Tourism Strategy review was also initiated, while ISITE operations for Kurow and Omarama were considered. It was a productive and successful year that saw an increase in visitors, an increase in industry value, and an increase in both revenue and overall organisational financial performance.

Specific tasks include:

1. Increasing trade-ready product through sector development, where we are actively working with local and national associations to improve the international standard of the Waitaki industry. In the last 12 months, we have worked closely with a number of businesses on off-shore promotions to improve trade volumes. We also developed and opened Whitestone City, a new trade-ready attraction in the historic precinct. We also worked with our regional partners to attract TRENZ to Dunedin, and have worked with the Waitaki Tourism Association to attempt to involve more operators in TRENZ in 2018.
2. Increasing the length of time visitors spend in the District is the result of giving them more things to do while providing a different type of travel option. Improving this measure through sustained domestic promotions and working closely with accommodation providers is the focus of the coming 3 years. Increased cycling and walking opportunities, and an expanded ISITE network will also support our activity.
3. Increasing the per-visitor yield through increasing operator values and volumes requires a better appreciation of the value of what we can offer to the visiting market. We will continue to work with operators to broaden our market offering, while also refining our consumer brands to encourage more direct investment in tourism development. We also continue developing a better pricing mix that has more relatively high-end products coupled with more modest and free options is a priority.

## Contract Deliverables

TWL worked on the following general tasks and targets:

- 1.1 Operational and Management Oversight of the Oamaru Blue Penguin Colony, Waitaki District ISITE Network, and Alps 2 Ocean Cycle Trail:



TWL continues to operate and manage the Colony in a profitable manner, with total surplus through the Colony rising 13% on total ticket sale growth of 11%. We continue to attract new tour agents, and expand our existing supply relationships with our key partners. We developed rehab facilities, and formalised an agreement with the Department of Conservation to assist with work at Bushy Beach. This added work is now beginning to attract corporate sponsorship, which in turn is assisting with financial growth. The Colony retained its quality and environmental credentials from Qualmark and Earthcheck, as well as our independently verified carbon neutral status being retained. The year also saw major developmental work on the main visitor building, and work continues providing updated visitor information services.

The ISITE network delivered strong services across the District, hosting more than 100,000 visitors and providing nearly \$370,000 in direct bookings for regional operators. TWL continues to investigate more efficient and effective ways to deliver information services, and is actively looking for opportunities to establish centres in Kurow and Omarama.

Partner and booking engine growth were key to A2O performance for the FY ending 30 June 2017. While the Board and operational management are well represented at all levels of A2O development, governing Joint Committee, and the construction and project team, extensive work on fostering guardian and commercial partners has seen marked increases in revenue, and a strong improvement in overall financial performance. Booking values approached \$170,000 while partnership activities raised nearly \$150,000. Overall performance improved 37% on the same period last year on a 36% increase in revenue. We have maintained strong relationships with both the McKenzie and Waitaki District Councils, the Department of Conservation, and assisted in establishing trusts and incorporated societies to further the work. We report to each Council quarterly, and work with the Department of Conservation monthly through the Project Team.

#### 1.2 Destination Development:

We are currently reviewing the District Tourism Strategy, and updating aspects of our promotional plans. Work with off-shore markets continues, as does brand development work to improve our consumer offerings. We are also working closely with government agencies, regional partners, and the WDC to better plan and coordinate wider infrastructure requirements. Industry interest in direct investment is also being fostered, and we are in active discussions with current and potential operators about a variety of development opportunities.

#### 1.3 Product Development:

TWL has actively invested in establishing Whitestone City, attracting TRENZ to the region, expanding the Colony activities, and developing itineraries for A2O. We have also worked with the accommodation sector to upgrade and upskill many members to help with online commerce and advised a variety of operators on both direct expansion and new venture establishment. This work is projected to continue through FY 2018.

| PRIORITY                            | MEASUREMENTS   | ACHIEVEMENTS   |
|-------------------------------------|--|--|
| Facilitate Broad Regional Promotion | <ol style="list-style-type: none"> <li>1. Increase CAM-measured bed nights</li> <li>2. Demonstrate visitor growth from core domestic markets</li> <li>3. Signage strategy developed and implemented</li> </ol> | <p>YE June 2017 Guest Nights were 405,864, down 4% on the figures year ending June 2016. We had 171,739 international nights (up 17% on the previous year); and 234,124 domestic bed nights (down 15% on the previous year). Industry spend rose from \$164 million at YE June 2016 to \$175 million at YE June 2017 on the back of increased spending on visitor attractions and hospitality services, and fuel services. The length of stay rose from 1.51 nights to 1.55 nights by YE June 2017.</p> <p>The most recent information (through to the end of July 2017) shows Domestic spending was up 11% since 2013, but down 3% on the in comparison to July 2016.<sup>1</sup></p> <p>A signage strategy was developed and is being included in the new District Tourism Strategy. Implementation will be negotiated with the WDC.</p> |
| Product Development                 | <ol style="list-style-type: none"> <li>1. Develop new trade-ready tourism ventures</li> <li>2. Expand current trade-ready activities</li> <li>3. Expand travel infrastructure network</li> </ol>               | <p>We continued working on, among other things:</p> <ol style="list-style-type: none"> <li>1. Establishing and opening Whitestone City;</li> <li>2. A2O trail development and commercial planning;</li> <li>3. OBPC and ISITE upgrade and product expansion was developed, approved and implemented;</li> <li>4. Investigated ISITE locations in Kurow and Omarama;</li> <li>5. Assisted with inquiries about new hotels;</li> <li>6. Developed and supported various events and conferences throughout the District, including Victorian</li> </ol>   |

<sup>1</sup> <http://www.mbie.govt.nz/info-services/sectors-industries/tourism/tourism-research-data/monthly-regional-tourism-estimates/annual-spend-grouped-by-rto-country-of-origin-and-product-category>, sourced 21 September 2017. The data is found by clicking on the country of origin. The estimated value pops up when the cursor is rolled over the graph.

|                                    |  |  |
|------------------------------------|--|--|
|                                    |  | <p>Heritage Week, Fire and Steam, and the Oamaru Penguin Symposium;</p> <ol style="list-style-type: none"> <li>7. Assisted operators in putting itineraries and packaged product together;</li> <li>8. Advised on and assisted operators with attending conferences;</li> <li>9. Met with and assisted with strategic planning for operators and attractions;</li> <li>10. Had representation at various domestic and international conferences;</li> <li>11. Staff continued to sit on regional and national conservation advisory and governance bodies;</li> <li>12. Developed proposals and sought funding for further A2O development</li> <li>13. Worked with the local Council on identifying required tourism infrastructure</li> </ol>                      |
| Develop new strategic partnerships | <ol style="list-style-type: none"> <li>1. International Marketing Alliance agreements in place covering the South Island</li> <li>2. Expand wider industry affiliations</li> <li>3. Management recognized as industry leaders</li> </ol> | <p>We continue to work closely with our IMA partners in Dunedin, Clutha, and Southland on a variety of trade activities. Formal agreements are being developed to better cover our growing relationship.</p> <p>We also continue to develop existing and foster new trade contacts established. Partnerships with other Regional Tourism Organisation's and Tourism New Zealand maintained. Continued to work with Christchurch International Airport Ltd brand – "South" created targeting initially the Asia markets. We are also broadening our international agent-based sales networks and connections, particularly in Australia, Japan, the UK, USA, and China. Through these efforts we saw a 17% rise in international visitors for the financial year.</p> |



|                   |  |   |
|-------------------|--|---|
|                   |  | <p>We are working the Waitaki Tourism Association (WTA) to expand its membership base throughout the District, and have 1 employee sitting on the current Board. Current membership dropped from 80 to 76. Work continues to expand the reach of the WTA into all areas of the District to broaden its base.</p>  |
| Trade initiatives | <ol style="list-style-type: none"> <li>1. Increase number of organized inbound visitors</li> <li>2. Increase the number of district attendees to TRENZ</li> <li>3. Develop itineraries for retail sale through existing sales channels</li> <li>4. Establish a district online sales channel to support existing sales activities</li> </ol> | <p>Regular approaches were made to trade covering all relevant district tourism products including TRENZ (Tourism Rendezvous New Zealand), Australian trade and consumer shows, direct contact with agents, attendance at trade sales days in NZ and Australia, trade visits in Auckland, and pre-packaged itineraries are being built and distributed. TWL also attended a number of conferences and fairs to promote A2O and the Oamaru Blue Penguin Colony. Through our alliances we also had representation in China, Japan, Korea, Singapore, and the UK. Through this work we saw a 4% increase in trade-related Oamaru Blue Penguin Colony ticket sales on the back of 25% growth the previous year. Similar numbers have been reported by other operators. FIT visitors were up 8% for the same period.</p> <p>Itineraries are currently being finalised, and over the course of the year have been refined through ongoing conversations with our trade partners.</p> <p>The new District website, waitakinz.com, was launched early in the financial year. We have also further developed our relationship with Bookit.com and Bookeasy.com to facilitate more immediate sales activity for a variety of District activities. We are also in discussions to support local attempts to develop online voucher systems.</p> |

|                               |   |                                   |
|-------------------------------|---|-----------------------------------|
| Shareholder position improved | Equity of \$400,000 and Asset Ratio (shareholder funds/total assets) >.05 | Equity = \$706,590<br>Ratio = .60 |
|-------------------------------|---|-----------------------------------|

## Statement of Compliance & Responsibility

### Compliance

The Board and management of Tourism Waitaki Limited confirm that all the statutory requirements of the Local Government Act 2002, regarding financial management and borrowing, have been complied with.

### Responsibility

The Board and management of Tourism Waitaki Limited accept responsibility for the preparation of the annual Financial Statements and the judgments used in them.

The Board and management of Tourism Waitaki Limited accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

### Financial Security and Going Concern

In the opinion of the Board and management of Tourism Waitaki Limited, the Financial Statements for the Year ended 30 June 2017 fairly reflect the financial position and operations of Tourism Waitaki Limited. It is the Board's opinion that the company is financially secure, will meet all financial obligations as they come due, and can and will continue to operate as a going concern for the coming financial year without impediment or complication.

DATE: 26 September 2017



Mike McElhinney  
Chair



Adair Craik  
Director

## Tourism Waitaki Limited

### Annual Report for the year ended 30 June 2017

The Directors of Tourism Waitaki Limited are pleased to present the Annual Report for the Company, together with the Financial Statements for the year ended 30 June 2017.

#### Principal Activities

The Company is charged with providing specific services for its shareholder the Waitaki District Council and the community. They are:

- i) The facilitation of economic growth through the development of community supported planning, investment strategies and incentive policies
- ii) The facilitation and co-ordination of the development of the historic and visitor estate within the Waitaki District through promotion and marketing by Tourism Waitaki
- iii) The services of the regional i-SITE information centres
- iv) The management of the Oamaru Blue Penguin Colony and Whitestone City
- v) Manage and operate the Alps 2 Ocean Cycle Trail

#### Trading Results

During the year Tourism Waitaki Limited had an after-tax profit of \$48,416. Total revenue of \$2,900,451 (\$834,549 lower than budgeted) rose 22% compared to the same period ending June 2016. This is on the back of increased A2O revenue and project funding for Whitestone City. Total expenditure of \$2,837,833 (\$669,568 less than the budgeted expenditure) was 17% higher than the same period ending June 2016. This resulted from Whitestone City set up costs, and increased A2O track maintenance costs, and investment in staff. Revenue generated from Council Service Agreements fell \$50,000. Revenue generated from business operations outside Waitaki District Council Service Agreements and other project funding during the July 2016 – June 2017 period rose \$580,062 to \$2,250,451, an increase of 34.7%.

#### Dividend

In accordance with the Company's shareholder agreement and Statement of Intent, no dividend is to be paid.

#### Directors

Mike McElhinney (Chair), Marcus Brown, Adair Craik, James Glucksman, and Janine Tulloch (from October 2016).

#### Remuneration of Directors

Separate disclosure of the remuneration for each Director is required by the Companies Act 1993 (Section 211 (1) F). Disclosure is as follows:

|                | <u>2017</u> | <u>2016</u> |
|----------------|-------------|-------------|
| Marcus Brown   | 12,000      | 20,800      |
| Adair Craik    | 12,000      | 12,000      |
| Mike Neilson   | 0           | 9,000       |
| Janine Tulloch | 9,000       | 0           |

|                 |                        |                        |
|-----------------|------------------------|------------------------|
| James Glucksman | 12,000                 | 12,000                 |
| Mike McElhinney | 21,600                 | 7,550                  |
| <b>Total</b>    | <b><u>\$66,600</u></b> | <b><u>\$61,350</u></b> |

#### Director's Interests

Directors have declared interests relative to operating tourism attractions associated with Tourism Waitaki as follows:

1. Marcus Brown
  - a. Board Member, Oamaru Whitestone Civic Trust
2. James Glucksman
  - a. Owner of Pen y Bryn Lodge
  - b. Chairman of the Waitaki Tourism Association
  - c. Luxury Lodges of New Zealand Executive Member
3. Janine Tulloch
  - a. CFO Skyline Enterprises
4. Adair Craik
  - a. Director of Adair Craik Chartered Accountants
  - b. Treasurer of Friends of Alps 2 Ocean Incorporated
  - c. Trustee of Alps 2 Ocean Charitable Trust

#### Use of Company Information

During the year the Board received no notices from Directors of the Company requesting to use Company information received in their capacity as Directors, which would not otherwise have been available to them.

#### Indemnity and Insurance of Directors

During the year the Company paid premiums insuring all directors of the Tourism Waitaki Limited in respect of liabilities and costs that are permitted by legislation to be insured against.

#### Donations

There were a number of small community donations made by the Company during the year to assist at-risk and disabled children.

#### Auditor

The Company's audit is undertaken by Audit New Zealand on behalf of the Auditor-General. No fees outside of the Audit were payable to the Auditor.

#### State of Affairs

A three-year contract and Statement of Intent covering 2015-18 has been agreed with the Waitaki District Council. The over-arching objective of the services funded under the contract is to promote the economic well-being of the people of the Waitaki District, including future residents of the district, by undertaking to promote existing tourism operators both domestically and abroad, manage and operate tourism-related business for profit, and



develop further tourism activity and operations that will encourage more people to come, spend more time in the District, and participate in more paid and unpaid attractions.

#### Future Trading

The Directors confirm Tourism Waitaki Limited will continue to operate over the next twelve months at the level required by the Statement of Corporate Intent.

**Statement of Comprehensive Revenue and Expenditure  
For the Year Ended 30 June 2017**

|   |          | <b>2017</b>      | <b>2016</b>      |
|---|----------|------------------|------------------|
| <b>REVENUE</b>                                      |          |                  |                  |
| Council Operating Grants                            |          | 500,000          | 500,000          |
| Alps to Ocean Funding Contributions                 |          | 150,000          | 200,000          |
| Information Centre                                  |          | 124,306          | 139,500          |
| Oamaru Blue Penguin Colony                          |          | 1,505,137        | 1,374,646        |
| Tourism Waitaki                                     |          | 102,562          | 80,870           |
| Alps to Ocean                                       |          | 219,095          | 69,916           |
| Whitestone City                                     |          | 297,811          | 0                |
| Interest Received                                   |          | 1,540            | 5,457            |
| <b>Total Revenue</b>                                |          | <b>2,900,451</b> | <b>2,370,389</b> |
| <b>EXPENDITURE</b>                                  |          |                  |                  |
| Audit – Attest/Annual                               | Note 17  | 24,472           | 20,348           |
| Directors Fees                                      |          | 66,600           | 61,350           |
| Depreciation & Amortisation Expense                 | Note 6/7 | 79,971           | 91,653           |
| Employee Benefit Costs                              | Note 2   | 1,136,327        | 1,133,113        |
| Insurance Costs                                     |          | 21,939           | 19,508           |
| Community Donations & Grants                        |          | 4,304            | 5,070            |
| Operating Leases                                    |          | 182,498          | 127,967          |
| Other Operating Expenditure                         |          | 1,321,722        | 979,156          |
| <b>Total Expenditure</b>                            |          | <b>2,837,833</b> | <b>2,438,165</b> |
| <b>Net Operating Surplus / (deficit) before Tax</b> |          | <b>62,618</b>    | <b>(67,776)</b>  |
| Subvention Payment                                  |          | 0                | 16,649           |
| Taxation Expense / (Benefit)                        | Note 15  | 14,202           | (23,569)         |
| <b>Net operating surplus / (deficit) after tax</b>  |          | <b>48,416</b>    | <b>(60,856)</b>  |
| Other Comprehensive Revenue                         |          | -                | -                |
| <b>Total Comprehensive Surplus / (deficit)</b>      |          | <b>48,416</b>    | <b>(60,856)</b>  |
|   |          | =====            | =====            |

**Statement of Changes in Equity  
for the Year Ended 30 June 2017**

|  | <b>2017</b>    | <b>2016</b>     |
|--|----------------|-----------------|
| Balance at 1st July                            | 658,174        | 719,030         |
| <b>Total Comprehensive Surplus / (deficit)</b> | <b>48,416</b>  | <b>(60,856)</b> |
| Funds Introduced – A2O                         | 0              | 0               |
| Funds Introduced – OBPC                        | 0              | 0               |
| <b>Balance at 30th June</b>                    | <b>706,590</b> | <b>658,174</b>  |
|  | =====          | =====           |


The accompanying notes form part of these financial statements.

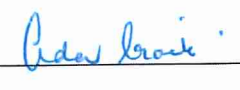
## Statement of Financial Position as at 30 June 2017

|  |         | 2017             | 2016             |
|--|---------|------------------|------------------|
| <b>Current Assets</b>                    |         |                  |                  |
| Cash and Cash Equivalents                | Note 3  | 71,124           | 292,384          |
| Trade and Other Receivables              | Note 4  | 142,092          | 181,522          |
| Inventories                              | Note 5  | 82,592           | 97,815           |
| Prepayments                              |         | 0                | 13,402           |
| <b>Total Current Assets</b>              |         | <u>295,808</u>   | <u>585,123</u>   |
| <b>Current Liabilities</b>               |         |                  |                  |
| Trade and Other Payables                 | Note 8  | 366,268          | 243,450          |
| Employee Benefit Liabilities             | Note 10 | 82,051           | 68,673           |
| Provision for Taxation                   |         | (635)            | (1,734)          |
| Income Received in Advance               |         | 21,162           | 21,509           |
| <b>Total Current Liabilities</b>         |         | <u>468,846</u>   | <u>331,898</u>   |
| <b>NET CURRENT ASSETS (LIABILITIES)</b>  |         | <u>(173,038)</u> | <u>253,225</u>   |
| <b>Non-Current Assets</b>                |         |                  |                  |
| Property, Plant and Equipment            | Note 6  | 791,853          | 281,057          |
| Intangible Assets                        | Note 7  | 67,203           | 89,118           |
| Deferred Tax                             | Note 16 | 20,572           | 34,774           |
| <b>Total Non-Current Assets</b>          |         | <u>879,628</u>   | <u>404,949</u>   |
|  |         | <b>\$706,590</b> | <b>\$658,174</b> |
| <b>NET ASSETS</b>                        |         | <u>=====</u>     | <u>=====</u>     |
| <b>EQUITY</b>                            |         |                  |                  |
| Contributed Capital                      | Note 11 | 200,000          | 200,000          |
| Funds Introduced – A2O                   |         | 150,280          | 150,280          |
| Funds Introduced – OBPC                  |         | 323,926          | 323,926          |
| Retained Earnings/(Accumulated Deficits) | Note 11 | 32,384           | (16,032)         |
| <b>TOTAL EQUITY</b>                      |         | <u>\$706,590</u> | <u>\$658,174</u> |
|  |         | <u>=====</u>     | <u>=====</u>     |

The accompanying notes form part of these financial statements.

Approved by Board on 26/09/2017 and signed on their behalf by:

  
Mike McElhinney  
Chairman

  
Director

## Statement of Cash Flows for the year ended 30 June 2017

|   | 2017               | 2016               |
|---|--------------------|--------------------|
| <b>Cash Flows from Operating Activities</b>     |                    |                    |
| Cash was provided from                          |                    |                    |
| Receipts from operating activities              | 2,938,341          | 2,235,470          |
| Taxation Refunds Received                       | 0                  | 0                  |
| Interest Received                               | 1,540              | 5,457              |
| <b>Total</b>                                    | <b>\$2,939,881</b> | <b>\$2,240,927</b> |
|   | =====              | =====              |
| Cash was applied to                             |                    |                    |
| Payments to Directors                           | 66,600             | 61,350             |
| Payments to Suppliers and Employees             | 2,572,529          | 2,263,227          |
| Payment of Taxation                             | 428                | 1,527              |
| Net GST Movement                                | 0                  | 0                  |
| <b>Total</b>                                    | <b>\$2,639,557</b> | <b>\$2,326,104</b> |
|   | =====              | =====              |
| <b>Net Cash Flows from Operating Activities</b> | <b>\$300,324</b>   | <b>\$(85,177)</b>  |
|   | =====              | =====              |
| <b>Cash Flows from Investing Activities</b>     |                    |                    |
| Cash was applied to                             |                    |                    |
| Purchase of Assets                              | (521,845)          | (196,099)          |
| Sale of Assets                                  | 261                | 0                  |
| <b>Net Cash Flows from Investing Activities</b> | <b>\$(521,584)</b> | <b>\$(196,099)</b> |
|   | =====              | =====              |
| <b>Cash Flows from Financing Activities</b>     |                    |                    |
| Funds Introduced                                | 0                  | 0                  |
| Share Capital                                   | 0                  | 0                  |
| <b>Net Cash Flows from Financing Activities</b> | <b>0</b>           | <b>0</b>           |
|   | =====              | =====              |
| Net Increase (Decrease) in Cash                 | (221,260)          | (281,276)          |
| Opening Cash Balance                            | 292,384            | 573,660            |
| <b>Closing Cash Balance</b>                     | <b>\$71,124</b>    | <b>\$292,384</b>   |
|   | =====              | =====              |
| Made up of cash and cash equivalents            | <b>\$71,124</b>    | <b>\$292,384</b>   |
|   | =====              | =====              |

The accompanying notes form part of these financial statements.

**Reconciliation of Net Operating Surplus / (Deficit) to Cash Flows from Operating Activities**

|   | <b>2017</b>                    | <b>2016</b>                     |
|---|--------------------------------|---------------------------------|
| Net Surplus (Deficit) after taxation          | 48,416                         | (60,856)                        |
| Add/(less) non-cash items                     |                                |                                 |
| Depreciation                                  | 79,977                         | 91,654                          |
| Loss on Sale of Assets                        | 133                            | 0                               |
| Deferred Tax                                  | 14,202                         | (21,226)                        |
|   | <u>142,728</u>                 | <u>9,572</u>                    |
| Add/(Less) Movements in Working Capital       |                                |                                 |
| Inventory                                     | 15,223                         | 2,946                           |
| Trade and other receivables                   | 39,430                         | (129,462)                       |
| Trade and other payables                      | 75,411                         | (30,976)                        |
| Income received in advance                    | (347)                          | (1,200)                         |
| Prepayments                                   | 13,402                         | (3,777)                         |
| Tax Payable                                   | 1,527                          | (2,343)                         |
| Tax Receivable                                | (428)                          | (1,527)                         |
| Employee Entitlements                         | 13,378                         | 9,638                           |
|   | <u>157,596</u>                 | <u>(94,749)</u>                 |
| <b>NET CASHFLOW FROM OPERATING ACTIVITIES</b> | <u><b>300,324</b></u><br>===== | <u><b>(85,177)</b></u><br>===== |

The accompanying notes form part of these financial statements.



## Notes to the Financial Statements

### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2017.

#### Reporting Entity

Tourism Waitaki Ltd (the Company) is a Company registered under the Companies Act 1993 and is domiciled in New Zealand. The Company is controlled by Waitaki District Council and is a Council Controlled Trading Organisation as defined under section 6 of the Local Government Act 2002, by virtue of the Council's right to appoint the Board of Directors, as the sole shareholder.

Under the Accounting Standards Framework, the company is deemed a tier two PBE (RDR) on the basis that it is not considered publicly accountable or large (expenditure is less than \$30m per annum).

The primary objective of the Company is to encourage, promote and support the establishment and growth of business investment and employment opportunities within the region, rather than making a financial return. Accordingly, the Company has designated itself as a public benefit entity for financial reporting purposes.

The financial statements of the Company are for the year ended 30 June 2017. The financial statements were authorised for issue by the Board of Directors on 26 September 2017.

#### Basis of preparation

The financial statements of the Company have been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

These financial statements have been prepared in accordance with NZ GAAP.

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

The financial statements have been prepared on a historical cost basis.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar. The functional currency of Tourism Waitaki Limited is New Zealand dollars.

#### Revenue

Revenue is measured at the fair value of consideration received. Revenue is recognised in the financial statements as follows:

##### Service Agreements

Revenue from Service Agreements are restricted for the purposes of the Company meeting its objectives as specified in the Statement of Intent and related Service Agreement Contracts. The Company also receives other government assistance for specific purposes, and these grants contain restrictions on their use.

Council, government and non-government grants are recognised as revenue when they become receivable unless there is an obligation to return the funds if conditions of the grant are not met. If there is such an obligation the grants are initially recorded as grants received in advance, and recognised as revenue when conditions of the grant are satisfied.

### Other revenue

Products held for sale are recognised when a product is sold to the customer. Ticket sales are recognised in the period the service is provided. Booking commissions are recognised when operator payments are made. Sales are usually in cash or by credit card. The recorded revenue is the gross amount of the sale, including credit card fees payable for the transaction. Such fees are included in other operating expenditure.

Interest income is recognised using the effective interest method.

Volunteer services received are not recognised as revenue or expenditure as the Company is unable to reliably measure the fair value of the services received.

### **Advertising costs**

Advertising costs are expensed when the related service has been rendered.

### **Borrowing costs**

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

### **Income tax**

Income tax expense in relation to the surplus or deficit for the period comprises current tax 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 rates that have been enacted or substantively enacted by 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 profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probably 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 profit nor taxable profit.

Deferred tax is calculated at the rates that are expected to apply in the period when the liability is settled or the asset is realised, using tax rates that have been enacted or substantively enacted by balance date.

Current tax and deferred tax is charged or credited to the surplus or deficit, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.

## **Leases**

### **Operating leases**

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Lease incentives received are recognised in the surplus or deficit over the lease term as an integral part of the total lease expense.

### **Cash and cash equivalents**

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

Bank overdrafts are shown within borrowings as a current liability in the statements of financial position.

### **Trade and other receivables**

Trade and other receivables are measured at amortised cost.

### **Trade and other payables**

Trade and other payables are measured at amortised cost.

### **Inventories**

Inventories held for sale on a commercial basis are valued at the lower of cost and net realisable value. The cost of the inventory is determined using the first-in first-out method.

### **Investments**

Investments in bank deposits are initially measured at fair value plus transactions costs.

After initial recognition investments in bank deposits are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

At each balance sheet date, the Company assesses whether there is any objective evidence that an investment is impaired. Any impairment losses are recognised in the surplus or deficit.

### **Property, plant and equipment**

Property, plant and equipment are shown at cost, less accumulated depreciation and impairment losses.

### **Additions**

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable the future economic benefits or service potential associated with the item will flow to the company and the cost of the item can be measured reliably.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for nominal cost, it is recognised at fair value when control over the asset is obtained.

### **Disposals**

Gains and losses on disposals 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.

### **Depreciation**

Depreciation is provided on a diminishing value basis on all property, plant and equipment at rates that will write off the cost of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows.

Vehicles, Plant & Equipment  
Computer equipment

2% to 67% DV  
20% to 50% DV

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end. Depreciation begins when the asset is available for use and ceases at the date that the asset is disposed of. The depreciation charge for each for each period is recognised in the surplus or deficit.

### **Intangible assets**

#### Software acquisition

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

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

Computer software licenses are amortised on a straight-line basis over their estimated useful life of 3 years.

#### Website/Booking Engines

Development costs are capitalised when completed and able to generate revenue.

Costs associated with the maintenance of the Company's website are recognised as an expense when incurred.

Amortisation is provided for at a rate of 50% DV.

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

Assets with a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. 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 Company would, if deprived of the asset, replace its remaining future economic benefits or service potential.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit.

### **Employment benefits**

#### Short-term benefits

Employee benefits that the Company expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates to pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date.

#### Long-term benefits

There are no entitlements that are payable beyond 12 months.

### **Provisions**

The Company recognises a provision for future expenditure of 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 not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as a finance cost.



## Good and Service Tax (GST)

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from or payable to, the Inland Revenue Department (IRD) is included in the Trade and other Receivables or Payables in the Statement of Financial Position.

Commitments and contingencies are disclosed exclusive of GST.

## Critical accounting estimates and assumptions

In preparing these financial statements the Company 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 discussed below:

### Property, plant and equipment useful lives and residual values

At each balance date the Company reviews the useful lives and residual values of its property, plant and equipment. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment requires the Company to consider a number of factors such as the physical condition of the asset, expected period of use of the asset by the Company and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will impact on the depreciable amount so an asset, therefore impacting on the depreciation expense recognised in the surplus or deficit, and carrying amount of the asset on the statements of financial position. The Company minimises the risk of this estimation uncertainty by:

- physical inspection of assets;
- asset replacement programme;
- review of second hand market prices for similar assets; and
- analysis of prior asset sales.

The Company has not made significant changes to past assumptions concerning useful lives and residual values.

The carrying amounts of property, plant and equipment are disclosed in note 6.

## Critical judgments in applying the Companies accounting policies

The Directors must exercise their judgement when recognising grant income to determine if conditions of the grant contract have been satisfied. The judgement will be based on the facts and circumstances that are evident for each grant contract.

## 2. EMPLOYEE BENEFIT COSTS

|   | 2017               | 2016               |
|---|--------------------|--------------------|
|   | \$                 | \$                 |
| Salaries and wages                        | 1,136,327          | 1,133,113          |
|   | =====              | =====              |
| <b>Analysis of Employee Benefit Costs</b> |                    |                    |
| Information Centre                        | 294,922            | 292,884            |
| Tourism Waitaki                           | 152,733            | 193,933            |
| Oamaru Blue Penguin Colony                | 504,213            | 484,750            |
| Whitestone City                           | 19,905             | 0                  |
| Alps to Ocean                             | 164,554            | 161,546            |
|   | =====              | =====              |
| <b>Total employee benefit costs</b>       | <b>\$1,136,327</b> | <b>\$1,133,113</b> |
|   | =====              | =====              |

Employer Kiwisaver Contributions for 2016-2017 were \$20,957 (2015-2016 \$18,728).



**3. CASH AND CASH EQUIVALENTS**

|  | 2017<br>\$       | 2016<br>\$        |
|--|------------------|-------------------|
| Cash at bank and on hand   | 71,124           | 292,384           |
| <b>Net cash, equivalents and bank overdrafts for the purposes of the statement of cash flows</b> | <b>\$ 71,124</b> | <b>\$ 292,384</b> |
|  | =====            | =====             |

**4. TRADE AND OTHER RECEIVABLES**

The \$142,092 (2016: \$181,522) comprises various amounts owing to the Company for services provided prior to 30 June 2017, but the payment due had not been received by that date. The GST component is \$Nil (2016: \$Nil) and the receivables component is \$142,092 (2016: \$101,267).

**5. INVENTORIES**

|                          | 2017<br>\$      | 2016<br>\$      |
|--------------------------|-----------------|-----------------|
| Items held for resale    | 82,592          | 97,815          |
| <b>Total inventories</b> | <b>\$82,592</b> | <b>\$97,815</b> |
|                          | =====           | =====           |

**6. PROPERTY, PLANT AND EQUIPMENT**

|   | Plant &<br>Equipment<br>\$ | Computer<br>Equipment<br>\$ | Total<br>\$      |
|---|----------------------------|-----------------------------|------------------|
| <b>Cost</b>   |                            |                             |                  |
| Balance at 1 July 2015                                | 229,973                    | 73,904                      | 303,877          |
| Additions   | 105,350                    | 8,020                       | 113,370          |
| Disposals   | 0                          | 0                           | 0                |
| <b>Balance at 30 June 2016</b>                        | <b>\$335,323</b>           | <b>\$81,924</b>             | <b>\$417,247</b> |
|   | =====                      | =====                       | =====            |
| Balance at 1 July 2016                                | 335,323                    | 81,924                      | 417,247          |
| Additions   | 401,958                    | 5,525                       | 407,483          |
| Disposals   | 934                        | 0                           | 934              |
| <b>Balance at 30 June 2017</b>                        | <b>\$736,347</b>           | <b>\$87,449</b>             | <b>\$823,796</b> |
|   | =====                      | =====                       | =====            |
| <b>Accumulated depreciation and impairment losses</b> |                            |                             |                  |
| Balance at 1 July 2015                                | 77,540                     | 44,098                      | 121,638          |
| Depreciation expense                                  | 50,468                     | 15,583                      | 66,051           |
| Disposals   | 0                          | 0                           | 0                |
| <b>Balance at 30 June 2016</b>                        | <b>\$128,008</b>           | <b>\$59,681</b>             | <b>\$187,689</b> |
|   | =====                      | =====                       | =====            |
| Balance at 1 July 2016                                | 128,008                    | 59,681                      | 187,689          |
| Depreciation expense                                  | 37,299                     | 12,543                      | 49,842           |
| Disposals   | 540                        | 0                           | 540              |
| <b>Balance at 30 June 2017</b>                        | <b>\$164,767</b>           | <b>\$72,224</b>             | <b>\$236,991</b> |
|   | =====                      | =====                       | =====            |
| <b>Carrying amounts</b>                               |                            |                             |                  |
| At 30 June 2016                                       | 207,315                    | 22,243                      | 229,558          |
| At 30 June 2017                                       | 571,580                    | 15,225                      | 586,805          |

Capital Work in Progress totals  
\$205,054 (2016 \$51,499)  
Depreciation expense includes a  
negative adjustment of \$11,896  
relating to a Prior Period  
Adjustment

## 7. INTANGIBLE ASSETS

|   | 2017            | 2016            |
|---|-----------------|-----------------|
| Opening Balance   | 131,790         | 100,560         |
| Opening Amortisation                                    | 42,672          | 17,069          |
| <b>Opening Book Value</b>                               | <b>\$89,118</b> | <b>\$83,491</b> |
|   | =====           | =====           |
| Additions   | 8,214           | 31,230          |
| Amortisation  | 30,129          | 25,603          |
| <b>Closing Book Value</b>                               | <b>\$67,203</b> | <b>\$89,118</b> |
|   |                 |                 |
| Closing Book Value includes Intangible Work in Progress | \$0             | \$63,515        |

## 8. TRADE AND OTHER PAYABLES

|                                       | 2017             | 2016             |
|---------------------------------------|------------------|------------------|
|                                       | \$               | \$               |
| Trade payables                        | 165,006          | 77,366           |
| Other payables                        | 201,262          | 166,084          |
| <b>Total trade and other payables</b> | <b>\$366,268</b> | <b>\$243,450</b> |
|                                       | =====            | =====            |

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

## 9. FINANCIAL INSTRUMENTS

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

|  | 2017    | 2016    |
|--|---------|---------|
| <b>FINANCIAL ASSETS</b>                        |         |         |
|  |         |         |
| <b>Loans and Receivables</b>                   |         |         |
| Cash and cash equivalents                      | 71,124  | 292,384 |
| Receivables                                    | 142,092 | 181,522 |
|  |         |         |
| <b>FINANCIAL LIABILITIES AT AMORTISED COST</b> |         |         |
|  |         |         |
| Payables                                       | 366,268 | 243,450 |
|  |         |         |

**10. EMPLOYEE BENEFIT LIABILITIES**

|   | <b>2017</b>     | <b>2016</b>     |
|---|-----------------|-----------------|
|   | <b>\$</b>       | <b>\$</b>       |
| Annual leave                              | \$82,051        | \$68,673        |
|   | =====           | =====           |
| Comprising:                               |                 |                 |
| Current                                   | 82,051          | 68,673          |
| Non-current                               | -               | -               |
| <b>Total employee benefit liabilities</b> | <b>\$82,051</b> | <b>\$68,673</b> |
|   | =====           | =====           |

**11. RECONCILIATION OF EQUITY**

|                                 | <u>Capital</u>   | <u>Funds<br/>Introduced</u> | <u>Retained<br/>Earnings</u> | <u>Total</u>     |
|---------------------------------|------------------|-----------------------------|------------------------------|------------------|
|                                 | <b>\$</b>        |                             | <b>\$</b>                    |                  |
| Balance at 1 July 2015          | 200,000          | 474,206                     | 44,824                       | 719,030          |
| Surplus/(Deficit)               | 0                | 0                           | (60,856)                     | (60,856)         |
| <b>Balance at 30 June, 2016</b> | <b>\$200,000</b> | <b>\$474,206</b>            | <b>(16,032)</b>              | <b>\$658,174</b> |
|                                 | =====            | =====                       | =====                        | =====            |
| Balance at 1 July 2016          | 200,000          | 474,206                     | (16,032)                     | 658,174          |
| Surplus/(Deficit)               | 0                | 0                           | 48,416                       | 48,416           |
| <b>Balance at 30 June, 2017</b> | <b>\$200,000</b> | <b>\$474,206</b>            | <b>32,384</b>                | <b>\$706,590</b> |
|                                 | =====            | =====                       | =====                        | =====            |

Waitaki District Council holds 500,000 shares (100%) of which 200,000 have been issued and fully paid.

**12. CAPITAL COMMITMENTS AND OPERATING LEASES****Operating leases as lessee**

The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:

|   | <b>2017</b>        | <b>2016</b>      |
|---|--------------------|------------------|
|   | <b>\$</b>          | <b>\$</b>        |
| Not later than one year                           | 208,200            | 125,000          |
| Later than one year and not later than five years | 542,300            | 250,000          |
| Later than five years                             | 1,584,800          | -                |
| <b>Total non-cancellable operating leases</b>     | <b>\$2,335,300</b> | <b>\$375,000</b> |
|   | =====              | =====            |

The total non-cancellable operating lease amount relates to the lease of the information centre, office building, the Oamaru Blue Penguin Colony and Whitestone City. The lease on the information centre, office building and Penguin Colony was renewed on 1 July 2016 for a term of three years. The Company does not have the option to purchase the asset at the end of the lease term.

There are no restrictions placed on the Company by any of its leasing arrangements.

**Capital Commitments**

As at 30 June 2017, Tourism Waitaki Limited has committed to undertake capital works at the Oamaru Blue Penguin Colony (\$135,037). All work is expected to be completed in the 2018 financial year, and will be reflected in the balance sheet and profit and loss statements in that year.

### 13. CONTINGENCIES

#### Contingent liability

The Company has no contingent liabilities (2016 nil).

#### Contingent assets

The Company has no contingent assets (2016 nil).

### 14. RELATED PARTY TRANSACTIONS

The Company was formed by Waitaki District Council and receives the majority of its funding from operation grants from the Council to deliver its objectives as specified in the Statement of Intent. The Waitaki District Council is the controlling party of the Company.

*The following transactions were carried out with related parties during the year.*

#### Waitaki District Council

Operating Grants of \$600,000 (2016 \$600,000) were received from the Council to fund the Company operations for the 2017 year. Other services of \$108,638 (2016 \$108,522) were also provided to Council.

Office rentals of \$135,000 (2016 \$125,000) and other operating expenses of \$22,209 (2016 \$14,533) were paid to the Council. The total amount of operating grants received from the Council is disclosed in the statement of comprehensive income. At 30 June 2017 the Council owed the Company \$Nil (2016 \$80,255). The Company owed the Council \$13,190 (2016 \$Nil)

Capital contributions of \$nil (2016 nil) were received from the Council.

Related party disclosures have not been made for transactions that were conducted under terms and conditions 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.

#### Key management personnel compensation:

|   | 2017      | 2016       |
|---|-----------|------------|
|   | \$        | \$         |
| Salaries and other short-term employee benefits | \$177,959 | \$ 170,892 |
|   | =====     | =====      |

Key management personnel include all Directors and the Chief Executive. One employee, not being a director, received remuneration in the range of \$110,000-\$120,000 (2016 One).

### 15. TAXATION

#### Relationship between tax expense and accounting profit.

|  | 2017          | 2016              |
|--|---------------|-------------------|
|  | \$            | \$                |
| Surplus/(deficit) before tax             | 62,618        | (67,776)          |
| Tax at 28%                               | 17,533        | (18,977)          |
| Understated / (Overstated) in prior year | (3,331)       | (4,592)           |
| <b>Total Expense / (benefit)</b>         | <b>14,202</b> | <b>(\$23,569)</b> |
|  | =====         | =====             |

|                           | 2017 | 2016 |
|---------------------------|------|------|
|                           | \$   | \$   |
| Components of Tax Expense |      |      |
| Current Tax               | 0    | 0    |

|                         |                   |                   |
|-------------------------|-------------------|-------------------|
| Prior period adjustment | (3,331)           | 2,343             |
| Deferred Tax            | 17,533            | 21,226            |
|                         | <u>          </u> | <u>          </u> |
| Tax expense             | \$14,202          | \$23,569          |
|                         | =====             | =====             |

#### 16. DEFERRED TAX

The deferred taxes relate to employee entitlements and ACC expenses accrued for accounting reporting but not deductible for taxation purposes. This is calculated as follows:

|                        | Employee<br>Entitlements | Tax<br>Losses          | Total                  |
|------------------------|--------------------------|------------------------|------------------------|
| <b>2016</b>            | \$                       | \$                     | \$                     |
| Opening Balance        | 13,548                   | 0                      | 13,548                 |
| Charged to income      | 2,249                    | 18,977                 | 21,226                 |
| <b>Closing Balance</b> | <u><b>\$15,797</b></u>   | <u><b>\$18,977</b></u> | <u><b>\$34,774</b></u> |
| <b>2017</b>            |                          |                        |                        |
| Opening Balance        | 15,797                   | 18,977                 | 34,774                 |
| Charged to income      | 2,391                    | (16,593)               | (14,202)               |
| <b>Closing Balance</b> | <u><b>\$18,188</b></u>   | <u><b>\$2,384</b></u>  | <u><b>\$20,572</b></u> |
|                        | =====                    | =====                  | =====                  |

#### 17. AUDIT FEES

Audit Fee expenses were \$22,151 (2016 \$18,625) and disbursements paid in the 2017 year were \$2,321 (2016 \$1,723).

#### 18. EVENTS AFTER BALANCE DATE

No events of significance have occurred since balance date.



## **Independent Auditor's Report**

### **To the readers of Tourism Waitaki Limited's financial statements and performance information for the year ended 30 June 2017**

The Auditor-General is the auditor of Tourism Waitaki Limited (the company). The Auditor-General has appointed me, Scott Tobin, 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 15 to 28, that comprise the statement of financial position as at 30 June 2017, the statement of comprehensive revenue and expenditure, 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 7 to 10.

In our opinion:

- the financial statements of the company on pages 15 to 28:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2017; 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 on pages 7 to 10 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 2017.

Our audit was completed on 26 September 2017. 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 opinion**

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

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

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

## **Responsibilities of the Board of Directors for the financial statements and the performance information**

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

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

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

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

## **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.

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 4 to 6 and 12 to 14, 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.



Scott Tobin  
Audit New Zealand  
On behalf of the Auditor-General  
Dunedin, New Zealand