

# Annual Report 2014-2015



**TOURISM**WAITAKI



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## Board of Directors

Chair Marcus Brown  
Directors Michael Nielsen, Marcus Brown, James Glucksman, Adair Craik

## Senior Staff

General Manager	Jason Gaskill
Marketing Manager	Ian Elliott
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

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## CHAIR REPORT

Tourism in the Waitaki District continues to grow. Through the increased efforts and activities of Tourism Waitaki, its allied partners, and the varied District tourism operators, the District has recorded impressive increases in international bed nights, Penguin Colony visitors, and riders on the A2O Cycle Trail. We expanded our presence at national and international tradeshows, garnered greater financial support from the government for developing new product, and broadened both domestic and international recognition of our organisation and wider District tourism products. One staff member completed a PhD in blue penguin research, and others continue to be recognised for their management and leadership activities.

The future is equally impressive. The Alps 2 Ocean cycle trail continues to be a key project for our organisation and we will continue to develop it. Further sections are moving off-road, and we now have a completion date of 2017. The business activities of the trail also continue to expand with increasing levels of commercial participation by various interested business partners. The trail itself is highly-recognized and considered to be the standard by which other trails should be judged. It has a high profile both locally and domestically, and serves as a key international draw within the wider national trail network. The further work planned for the coming years will only serve to both enhance this position and provide greater growth opportunities for the local Waitaki communities it traverses.

Tourism Waitaki will also be driving additional developments at the Oamaru Blue Penguin Colony with a focus on increasing day tour activity. Construction of an improved visitor centre and enhanced tour activities is planned for the 2015-2016 financial year. This will provide even greater opportunity and improved experience for those visitors who come outside evening viewing hours.

We continue to be pleased with the increased profile of tourism in the District, Waitaki, from a domestic and international perspective. We are aiming for more: more people, doing more things, spending more time. Efforts to increase our saleable product continue to gain momentum. We are currently working with numerous operators on establishing and developing their offerings to ensure we can offer travellers a wider, more exhaustive range of experiences, and an increased local presence with ISITE and Tourism Waitaki offices expanding in Palmerston and Omarama. We are beginning to establish a reputation for accessible, affordable, world-leading experiences. The coming years will see this pushed further into our domestic and international markets as new products and services become available.

We have invested heavily in both our organisation and establishing the foundation for this great work. The Board are declaring a surplus of \$11,381 (before tax) for the 2014-2015 financial year. Staff training, investment in creative and promotional capital, investment in new product development, as well as domestic and international in-market sales activities

all received increased financial attention. The Board has committed to work with less rates support and the results are encouraging.

Finally, the Board resolved to be more visible, travelling the District and meeting in various locations. We have held Board meetings in Palmerston, Tokarahi, Ohau, and Oamaru, and are planning meetings for Omarama, Kurow, and Burnside this year. We have met with operators, spoken to business groups, and hosted visiting industry Boards all in an effort to show that Tourism Waitaki wants to play a role in localised tourism development and expansion. My thanks to current Board members Adair Craik, James Glucksman, and Mike Neilson. Our small but efficient staff continue to ensure a growing and vibrant tourism industry for our District and they are to be applauded for their commitment and hard work.

Marcus Brown  
CHAIR

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## **GENERAL MANAGEMENT ANNUAL REPORT**

The year ending June 2015 was punctuated by continued growth and industry investment. Visitation to the Oamaru Blue Penguin Colony has grown through increased inbound activity, and relationships with potential operators has led Tourism Waitaki Limited to consider investment in new export-ready tourism products. The changes instituted at the ISITE, particularly with the establishment of a stand-alone Tourism Waitaki Limited office in Palmerston, now ensure services offered and the manner in which they are offered better reflect the needs and requirements of both the visiting public and the communities we represent. Tourism Waitaki Limited's external relationships with neighbouring Regional Tourism Organisations and Councils, as well as the Department of Conservation and other community and regionally based operators and stakeholders, raised our professional credentials and international reputation while also providing opportunities to directly invest in tourism growth. Increased effort in developing new trade-ready product has resulted in a leaner, more focussed, highly professionalised, unified operation with a clarified purpose: more people, spending more time, doing more things. Below some highlights are outlined.

### *Marketing Activity*

- Online domestic campaign encouraging booking Oamaru Blue Penguin Colony tickets
- Local domestic campaign designed to both encourage local travel within the District, as well as to highlight the wider variety of activities available
- Published 2-year Visitor's Guide
- Began redevelopment of the Visit Oamaru website
- Produced a number of district and local maps
- Heavily promoted a number of local events (detail below)
- Signed agreement with Victorian Heritage Committee to manage promotional activity for Heritage Week
- Published A2O brochure
- Distributed A2O collateral including maps, brochure, flyers, etc.
- Upgraded A2O website
- Released OBPC app
- Continued work on the A2O app

### *Trade*

- Hosted 10 media famils through Tourism New Zealand
- Attended TRENZ

- Visited agents in Japan, Australia, the UK, France, China, Singapore, Malaysia, and India
- Undertook frontline training for ISITE staff and visiting travel agents from various countries
- Met with domestically based inbound operators in Auckland, Wellington, and Christchurch
- Attended the Tourism Export Council meetings and AGM
- Hosted a Board Meeting of the Tourism Export Council in Oamaru

#### *Media/PR*

- TV One broadcast Breakfast from the A2O in March 2015
- Coverage for the Oamaru Blue Penguin Colony on Thai TV gameshow
- Coverage in China and Japan for the Oamaru Blue Penguin Colony as part of nature series
- Coverage for the Oamaru Blue Penguin Colony in Australia as part of a travel show
- A2O imagery on the front cover of AA Travel Guides throughout southern NZ
- Articles about the Waitaki District in various magazine, including North and South Magazine, Kia Ora Magazine, Go Travel magazine, and a number of Australian magazines dedicated to cycling
- Press releases about the environmental achievements of the Oamaru Blue Penguin Colony, development along A2O, and general activity within the wider District tourism sector
- Local and national stories about Tourism Waitaki and the executive officers

#### *New Product Development*

- Worked on expanding A2O revenue streams through the booking engine, retail product, and tiered partner program
- Worked with Dunedin Railways on the Oamaru Seaside, scheduled to come to Oamaru regularly through the 2015-2016 summer season
- Continue to work with a number of interested parties and current operators on new trade-ready activities

#### *Events*

- Assisted with and provided sales and booking infrastructure for the Colour Run
- Established the Scott's Ride charity ride along the A2O Cycle Trail
- Assisted with the Heritage Celebrations
- Organised and managed the inaugural Outside Arts Festival
- Assisted with the Harbour St Jazz Festival
- Assisted with the Heritage Celebrations

- Organised and managed Fire & Steam 2015
- Distributed information to various interested parties on event establishment

*Conference and Incentive Markets*

- Established the Oamaru Convention Bureau
- Will host the Irrigation NZ Conference in April 2016
- Put bids in for a number of other conferences
- Designed and produced Conference collateral, and attended Conference-specific trade shows
- Participated in securing visits from the Otago Conservation Board, ANZ Bank, the Oamaru Seabird Symposium, and the TEC Board.

Jason Gaskill  
General Manager

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## Tourism Waitaki Limited Performance Targets

The Statement of Intent and the Contract for Services for Tourism Waitaki Limited concentrate on tourism-based development and services for the wider District. The following section outlines our performance in delivering those services as they relate to tourism activities.

### Tourism

#### Tasks:

- 1.1 **Review the Operational and Management Structure of the Organisation:**  
This work was completed in October 2013, and ongoing review and refinement of the organisation has continued through the current financial year. This was reflected in the modification of all job descriptions, the establishment of a training and health and safety position, the promotion of the operations coordinator to operations manager, and the establishment of both a health and safety committee with delegates from each of the business units as well as the formal formation of a management team.
- 1.2 **Review the Tourism Strategy:**  
This was completed in 2014.
- 1.3 **Destination Development:**  
We continue to work with operators to improve and establish products that are both desirable and saleable. Further, our promotional activities now concentrate on long-term stay. To aid this we have modified our branding collateral to reflect the Waitaki as a destination for slow travel, and have worked with outside organisations to build a communication platform that local communities can leverage in their own unique way to tell their specific stories.
- 1.4 **Product Development:**  
We have set aside an established fund to assist operators become to trade-ready and to begin working directly with trade. This is a direct result in the shift in strategy that will take effect in the 2014-2015 financial year. We are also currently considering direct investment opportunities in new tourism products and assisting the production of feasibility studies a number of potential developments.
- 1.5 **Alps to Ocean – work with Council and Partners**  
The Board and operational management are well represented at all levels of A2O development. We sit on the Joint Committee and the construction and project team, and the GM of Tourism Waitaki is tasked with day-today operational management and staff oversight. Through this we have built 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.

## Tourism Waitaki Limited Performance Measures

The following table outlines the specific tools used to measure and achieve performance over the last financial year:

PERFORMANCE MEASURES	TARGETS	ACHIEVEMENTS
Regional promotion	Increase in visitor numbers to district as measured by Bed Nights	Guest nights are down (-.05%). YE June 2014 was up 23%
Branding collateral	Increased brand/destination awareness	<p>Printed &amp; distributed Official Visitor Guide, Oamaru and Waitaki District maps highlighting scenic touring routes between Ohau and Palmerston. Worked with local communities to develop, produce, and distribute local maps and install local signage.</p> <p>Digital media opportunities explored and working closely with various apps. Working towards a digital future with a revised and strengthened website and social media platform focussed on direct sales through seasonal, clear, consistent branding and messaging that flows from discreet product offers.</p> <p>Product-specific promotional flyers developed for trade-ready activities and for use with events and special activities, such as the train from Dunedin and in conjunction with a regional marketing alliance.</p>
Assist with product development	Develop new tourism ventures	<p>We worked on, among other things:</p> <ol style="list-style-type: none"> <li>1. A2O trail development and commercial planning</li> <li>2. OBPC and ISITE upgrade and product expansion was developed and approved for implementation</li> <li>3. Tourism Waitaki Palmerston office was formally established</li> <li>4. Assisted with inquiries about new hotels</li> <li>5. Developed and supported various events throughout the District, including Oamaru on Fire and Oamaru Penguin Symposium</li> <li>6. Assisted operators in putting itineraries and packaged product together</li> <li>7. Assisted the Historic Precinct and other operators to attend conferences</li> </ol>

		<p>8. Met with and assisted with strategic planning for operators and attractions</p> <p>9. Had representation at various international conferences</p> <p>10. Staff have been selected to sit on regional and national conservation advisory and governance bodies</p> <p>11. Developed proposals and sought funding for new attraction development throughout the District</p>
Develop new strategic partnerships	New contacts established and maintained	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 France. Through these efforts we saw a 7.8% rise in international visitors for the financial year.
Trade initiatives	Improved product awareness	Regular approaches were made to trade covering all relevant district tourism products including TRENZ (Tourism Rendezvous New Zealand), Australian consumer shows in Perth and Adelaide, Direct contact with agent's, attendance at trade sales days in NZ and Australia, District Trade Day in Auckland, and pre-packaged itineraries are being built and distributed. We also attended a number of cycling and nature conferences and fairs to promote A2O and the Oamaru Blue Penguin Colony. Through our alliances we also had representation in China, Singapore, and the UK. Through this work we saw a 32% increase in trade-related Oamaru Blue Penguin Colony ticket sales.
Strong Waitaki Tourism Association	Increased membership	We are working the Waitaki Tourism Association to expand its membership base throughout the District, and currently have 2 employees sitting on the current Board.
Create a positive attitude	Regular positive media articles published	We have published numerous articles in local, national and international media about the Oamaru Blue Penguin Colony, the District, and A2O. More importantly, feedback direct from operators has

		improved, and the general feeling among most organisations in the District and the wider tourism sector is that our District is performing strongly.
Sustainable business model for the future	Undertake organisational review	Completed in October 2013 and refined through position development within the current financial year.

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## **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.

In the opinion of the Board and management of Tourism Waitaki Limited, the Financial Statements for the Year ended 30 June 2015 fairly reflect the financial position and operations of Tourism Waitaki Limited.

DATE:

Marcus Brown  
Chair

Adair Craik  
Director

## **Tourism Waitaki Limited**

### **Annual Report for the year ended 30 June 2015**

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 2015.

#### 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 Oamaru ISITE Centre
- iv) The management of the Oamaru Blue Penguin Colony
- v) Manage and operate the Alps 2 Ocean Cycle Trail

#### Trading Results

During the year Tourism Waitaki Limited had a surplus of \$11,381 before taxation. Total revenue of \$2,230,371 was (-\$34,444) less than budgeted and total expenditure of \$2,218,990 was \$120,041 less than the budgeted expenditure. Revenue generated from business operations outside Waitaki District Council Service Agreements and other project funding during the July 2014 – June 2015 period was \$1,387,606.

#### Dividend

In accordance with the Company's constitution no dividend is to be paid.

#### Directors

Marcus Brown (Chair), Adair Craik, James Glucksman, and Mike Nielsen, Directors.

#### 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>2014</u>	<u>2015</u>
Marcus Brown	11,000	19,217
Annabel Berry	18,000	1,500
Adair Craik	11,000	11,500
Mike Nielsen	11,000	15,000
James Glucksman	0	7,567
<b>Total</b>	<b><u>\$51,000</u></b>	<b><u>\$51,284</u></b>

#### Director's Interests

Directors have declared interests relative to operating tourism attractions associated with both A2O and Tourism Waitaki; one Director served as the Chairman of an organization that was a client to TW and A2O; and a further Director declared an interest in a Trust that works alongside A2O.

#### 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 no donations made by the Company during the year.

#### 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 covering 2015-18 has been agreed. 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 operate tourism-related business and develop further tourism activity.

#### Future Trading

The Directors anticipate 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 Income  
For the Year Ended 30 June 2015**

	<b>2015</b>	<b>2014</b>
<b>INCOME</b>		
Council Operating Grants	617,765	598,560
Alps to Ocean Funding Contributions	225,000	275,000
Information Centre	136,790	114,521
Oamaru Blue Penguin Colony	1,088,292	930,590
Tourism Waitaki	97,318	112,408
Alps to Ocean	49,771	29,766
Interest Received	15,436	9,055
<b>Total Revenue</b>	<u>2,230,371</u>	<u>2,069,900</u>
<b>EXPENDITURE</b>		
Audit – Attest/Annual	19,166	19,527
Directors Fees	51,284	51,000
Depreciation Expense	Note 6 56,130	35,813
Employee Benefit Costs	Note 2 962,733	845,572
Insurance Costs	13,975	14,073
Community Donations & Grants	4,895	3,180
Operating Leases	117,362	121,140
Other Operating Expenditure	993,445	832,298
<b>Total Expenditure</b>	<u>2,218,990</u>	<u>1,922,603</u>
<b>Net Operating Surplus / (deficit) before Tax</b>	11,381	147,297
Taxation Expense / Benefit	Note 13 43,431	(41,242)
<b>Net operating surplus / (deficit) after tax</b>	<u>54,812</u>	<u>106,055</u>
Other Comprehensive Income	-	-
<b>Total Comprehensive Income / (loss)</b>	<u><u>54,812</u></u>	<u><u>106,055</u></u>

**Statement of Changes in Equity  
for the Year Ended 30 June 2015**

	<b>2015</b>	<b>2014</b>
Balance at 1st July	664,218	83,957
Total Comprehensive Income / (loss)	54,812	106,055
Funds Introduced – A2O	0	150,280
Funds Introduced – OBPC	0	323,926
<b>Balance at 30th June</b>	<u>719,030</u>	<u>664,218</u>

The accompanying notes form part of these financial statements.



**Statement of Financial Position as at 30 June 2015**

		<b>2015</b>	<b>2014</b>
<b>Current Assets</b>			
Cash and Cash Equivalents	Note 3	573,660	537,796
Trade and Other Receivables	Note 4	52,060	145,285
Inventories	Note 5	100,761	96,190
Prepayments		9,625	30,010
Tax Receivable		4,322	0
<b>Total Current Assets</b>		<u>740,428</u>	<u>809,281</u>
<b>Current Liabilities</b>			
Trade and Other Payables	Note 7	212,474	283,392
Employee Benefit Liabilities	Note 8	59,035	47,400
Provision for Taxation		6,458	46,617
Income Received in Advance		22,709	10,036
<b>Total Current Liabilities</b>		<u>300,676</u>	<u>387,445</u>
<b>NET CURRENT ASSETS (LIABILITIES)</b>		<u>439,752</u>	<u>421,836</u>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	Note 6	233,445	186,639
Intangible Work in Progress		32,285	45,467
Deferred Tax	Note 14	13,548	10,276
<b>Total Non-Current Assets</b>		<u>279,278</u>	<u>242,382</u>
		<b><u>\$719,030</u></b>	<b><u>\$664,218</u></b>
<b>NET ASSETS</b>		=====	=====
<b>EQUITY</b>			
Contributed Capital	Note 9	200,000	200,000
Funds Introduced – A2O		150,280	150,280
Funds Introduced – OBPC		323,926	323,926
Retained Earnings/(Accumulated Deficits)	Note 9	44,824	(9,988)
<b>TOTAL EQUITY</b>		<u><b>\$719,030</b></u>	<u><b>\$664,218</b></u>
		=====	=====

The accompanying notes form part of these financial statements.

**Approved by Board on**

**2015 and signed on their behalf by:**

\_\_\_\_\_  
 Marcus Brown  
 Chairman

\_\_\_\_\_  
 Adair Craik  
 Director

**Statement of Cash Flows for the year ended 30 June 2015**

	<b>2015</b>	<b>2014</b>
<b>Cash Flows from Operating Activities</b>		
Cash was provided from		
Receipts from operating activities	2,214,935	2,060,845
Taxation Refunds Received	0	0
Interest Received	15,436	9,055
<b>Total</b>	<b>\$2,230,371</b>	<b>\$2,069,900</b>
	=====	=====
Cash was applied to		
Payments to Directors	51,284	51,000
Payments to Suppliers and Employees	2,046,092	1,675,197
Payment of Taxation	4,322	2,535
Net GST Movement	0	19,997
<b>Total</b>	<b>\$2,101,698</b>	<b>\$1,748,729</b>
	=====	=====
<b>Net Cash Flows from Operating Activities</b>	<b>\$128,673</b>	<b>\$321,171</b>
	=====	=====
<b>Cash Flows from Investing Activities</b>		
Cash was applied to		
Purchase of Assets	(106,274)	(55,462)
Intangible Work in Progress	13,182	(45,471)
Sale of Assets	284	-
<b>Net Cash Flows from Investing Activities</b>	<b>\$(92,808)</b>	<b>\$(100,933)</b>
	=====	=====
<b>Cash Flows from Financing Activities</b>		
Funds Introduced	0	257,476
Share Capital	0	0
<b>Net Cash Flows from Financing Activities</b>	<b>0</b>	<b>257,476</b>
	=====	=====
Net Increase (Decrease) in Cash	35,865	477,714
Opening Cash Balance	537,795	60,081
<b>Closing Cash Balance</b>	<b>\$573,660</b>	<b>\$537,795</b>
	=====	=====
Made up of cash and cash equivalents	<b>\$573,660</b>	<b>\$537,795</b>
	=====	=====

The accompanying notes form part of these financial statements.

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

	<b>2015</b>	<b>2014</b>
Net Surplus (Deficit) after taxation	54,812	106,055
Add/(less) non-cash items		
Depreciation	56,130	35,813
Assets Written Off	3,054	0
Deferred Tax	(3,272)	(7,910)
	110,724	133,958
Add/(Less) Movements in Working Capital		
Inventory	(4,571)	(7,874)
Trade and other receivables	93,225	18,972
Trade and other payables	(70,918)	169,632
Income received in advance	12,673	(23,156)
Prepayments	20,385	(30,010)
Tax Payable	(40,159)	49,152
Tax Receivable	(4322)	269
Employee Entitlements	11,635	10,228
	17,948	187,213
Creditors relating to capital items	-	-
<b>NET CASHFLOW FROM OPERATING ACTIVITIES</b>	<b>128,672</b>	<b>321,171</b>

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 2015.

#### Reporting Entity

Waitaki Development Board 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.

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 the purposes of New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements of the Company are for the year ended 30 June 2014. The financial statements were authorised for issue by the Board of Directors on 30 September 2015.

#### Basis of preparation

The financial statements of the Company have been prepared in accordance with the requirements of the Local Government Act 2002 and the Financial Reporting Act 1993, 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. They comply with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

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 the Waitaki Development Board 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:

##### Grants

Grants received from the Waitaki District Council are the primary source of funding to the Company and are restricted for the purposes of the Company meeting its objectives as specified in the Statement of Intent. 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. 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.

Obsolescence is applied for any stock item with no retail sales in the current financial year, unless purchased within that year.

### **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.

Furniture and fittings	2% to 67%
Computer equipment	20% to 50%

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.

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

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

### **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.

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

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

	2015	2014
	\$	\$
Salaries and wages	962,733	845,572
	=====	=====

**Analysis of Employee Benefit Costs**



Information Centre	166,982	161,757
Tourism Waitaki	301,530	308,536
Oamaru Blue Penguin Colony	333,963	279,930
Alps to Ocean	160,258	95,349
<b>Total employee benefit costs</b>	<b>\$962,733</b>	<b>\$845,572</b>
	=====	=====

Employer Kiwisaver Contributions for 2014-2015 were \$18,728 (2013-2014 \$16,666).

### 3. CASH AND CASH EQUIVALENTS

	2015	2014
	\$	\$
Cash at bank and on hand	573,660	537,796
<b>Net cash, equivalents and bank overdrafts for the purposes of the statement of cash flows</b>	<b>\$ 573,660</b>	<b>\$ 537,796</b>
	=====	=====

### 4. TRADE AND OTHER RECEIVABLES

The \$52,060 (2014: \$145,285) comprises various amounts owing to the Company for services provided prior to 30 June 2015, but the payment due had not been received by that date. The GST component is \$5,860 (2014: \$8,640) and the receivables component is \$46,200 (2014: \$136,645).

## 5. INVENTORIES

	2015 \$	2014 \$
Items held for resale	100,761	96,190
<b>Total inventories</b>	<b>\$100,761</b> =====	<b>\$96,190</b> =====

No inventories are pledged as security for liabilities; however some inventories are subject to retention of title clauses.

## 6. PROPERTY, PLANT AND EQUIPMENT

	Furniture and Fittings \$	Computer Equipment \$	Total \$
<b>Cost</b>			
Balance at 1 July 2013	79,151	14,942	94,093
Additions	150,394	50,929	201,323
Disposals	-	-	-
<b>Balance at 30 June 2014</b>	<b>\$229,545</b> =====	<b>\$65,871</b> =====	<b>\$295,416</b> =====
Balance at 1 July 2014	229,545	65,871	295,416
Additions	22,044	84,230	106,274
Disposals	21,616	7,922	29,538
<b>Balance at 30 June 2015</b>	<b>\$229,973</b> =====	<b>\$142,179</b> =====	<b>\$372,152</b> =====
<b>Accumulated depreciation and impairment losses</b>			
Balance at 1 July 2013	59,419	13,549	72,968
Depreciation expense	17,756	18,053	35,809
Disposals	-	-	-
<b>Balance at 30 June 2014</b>	<b>\$77,175</b> =====	<b>\$31,602</b> =====	<b>\$108,777</b> =====
Balance at 1 July 2014	77,175	31,602	108,777
Depreciation expense	19,711	36,419	56,130
Disposals	18,914	7,286	26,200
<b>Balance at 30 June 2015</b>	<b>\$77,972</b> =====	<b>\$60,735</b> =====	<b>\$138,707</b> =====
<b>Carrying amounts</b>			
At 30 June 2014	152,730	34,269	186,639
At 30 June 2015	152,001	81,444	233,445
Intangible Work in Progress			32,285

## 7. TRADE AND OTHER PAYABLES

	2015	2014
	\$	\$
Trade payables	130,797	189,106
Other payables	81,676	94,286
<b>Total trade and other payables</b>	<b>\$212,473</b>	<b>\$283,392</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.

## 8. EMPLOYEE BENEFIT LIABILITIES

	2015	2014
	\$	\$
Annual leave	\$59,035	\$47,400
Comprising:		
Current	59,035	47,400
Non-current	-	-
<b>Total employee benefit liabilities</b>	<b>\$59,035</b>	<b>\$47,400</b>

## 9. RECONCILIATION OF EQUITY

	2015	2014
	\$	\$
<u>Contributed capital</u>		
Balance at 1 July	200,000	200,000
Funds Introduced	474,206	474,206
<b>Balance at 30 June</b>	<b>\$674,206</b>	<b>\$ 674,206</b>
Waitaki District Council holds 500,000 shares (100%) of which 200,000 have been issued and fully paid.		
<u>Retained surpluses (Accumulated Deficits)</u>		
Balance at 1 July	(9,988)	(116,043)
Total comprehensive income / (loss) for the year	54,812	106,055
<b>Balance at 30 June</b>	<b>\$ 44,824</b>	<b>\$ (9,988)</b>
<b>Total Equity</b>	<b>\$ 719,030</b>	<b>\$ 664,218</b>

## 10. 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>2015</b>		<b>2014</b>
	<b>\$</b>		<b>\$</b>
Not later than one year	131,239		61,216
Later than one year and not later than five years	250,000		6,239
Later than five years	-		-
<b>Total non-cancellable operating leases</b>	<b>\$381,239</b>		<b>\$67,455</b>
	=====		=====

The total non-cancellable operating lease amount relates to the lease of the information centre, office building, Oamaru Blue Penguin Colony and three vehicles. The lease on the information centre, office building and Penguin Colony was renewed on 1 July 2015 for a term of three years. The Company does not have the option to purchase the asset at the end of the lease term. The lease on the three vehicles expires in October 2015.

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

## **11. CONTINGENCIES**

### **Contingent liability**

The Company has no contingent liabilities (2014 nil).

### **Contingent assets**

The Company has no contingent assets (2014 nil).

## **12. 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 \$617,765 (2014 \$598,560) were received from the Council to fund the Company operations for the 2015 year.

Office rentals of \$115,125 (2014 \$112,500) and other operating expenses of \$11,270 (2014 \$40,909) 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 2015 the Council owed the Company \$Nil (2014 \$2,645). The Company owed the Council \$15,603 (2014 \$94,026)

Capital contributions of \$nil (2014 nil) were received from the Council.

### **Lake Ohau Lodge**

Bookings of \$4011 were made via the Information Centre and earned commission of \$394.04.

Mike Neilson is the owner of Lake Ohau Lodge and was appointed a Director of Waitaki Development Board as from 1 July 2013.

**Key management personnel compensation:**

	2015	2014
	\$	\$
<b>Salaries and other short-term employee benefits</b>	<b>\$151,284</b>	<b>\$ 145,615</b>
	=====	=====

Key management personnel include all Directors and the Chief Executive.

**13. TAXATION**

	2015	2014
	\$	\$
Current Tax	3,187	41,242
Understated / (Overstated) in Prior Years	(46,617)	0
<b>Income Tax Expense / (credit)</b>	<b>(\$43,430)</b>	<b>\$41,242</b>
	=====	=====

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

	2015	2014
	\$	\$
Surplus/(deficit) before tax	11,381	147,297
Tax at 28%	3,187	41,242
Understated / (Overstated) in prior year	(46,617)	0
<b>Total (Expense) / benefit</b>	<b>(\$43,430)</b>	<b>\$41,242</b>
	=====	=====

**Imputation Credit Account**

	2015	2014
	\$	\$
Imputation Tax Credits available for use in subsequent periods	<b>\$34,576</b>	<b>\$76,871</b>
	=====	=====

The closing balance is at 30 June each year.

**14. 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:

	<b>Employee Entitlements</b>
<b>2014</b>	<b>\$</b>
Opening Balance	2,366
Charged to income	7,910
<b>Closing Balance</b>	<b>\$10,276</b> =====
<b>2015</b>	
Opening Balance	10,276
Charged to income	3,272
<b>Closing Balance</b>	<b>\$13,548</b> =====

**15. AUDIT FEES**

Audit Fee expenses were \$987 relating to the 2014 audit and \$18,179 relating to the 2015 audit.

**16. EVENTS AFTER BALANCE DATE**

No events of significance have occurred since balance date.