

TAURANGA CITY VENUES LTD FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009
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CHAIRMAN'S REPORT

This report covers the first full year of trading for Tauranga City Venues Limited.

In the last 12 months the Company has focused on the following objectives:

1. To grow Baypark's core business activities
2. To investigate viable and suitable business expansion and new business opportunities
3. To maintain and enhance Baypark facilities
4. To achieve an annual operating profit.

The operations of Tauranga City Venues Limited are based around the following activities:

- Speedway
- Air NZ Cup Rugby matches
- Event Centre Functions
- Exhibition shows and Special Events
- Corporate Box sales
- Food and Beverage
- Advertising Billboards and Perimeter signage
- Stadium naming rights

For the 12 month reporting period Tauranga City Venues Limited has achieved a profit before interest and depreciation of \$207,000 versus a budgeted of \$180,000, TCVL's revenues have been primarily dependent on income from corporate box sales, speedway and rugby stadium rental, exhibition site rental, advertising from billboards and stadium perimeter signage and commission on catering revenue.

While revenues are a little down on budget there are corresponding reductions in operating costs.

The challenge for TCVL over the next 12 months will be to maintain revenues from corporate boxes, signage, and other income areas as the expenditure on these items reduces in these economically challenging times. While we have been unable to find a naming rights sponsor the development of new facilities in the next year will assist in finding parties interested in this opportunity.

The nature of speedway and rugby activity determines that the implementation of an ongoing asset maintenance program and a turf management programme for the inner field for potential Super 14 and Air NZ Cup rugby matches.

Our most pleasing and successful event in the year was hosting the national Kapahaka festival; an event that attracted over 50,000 visitors to Baypark over 3 days. We also hosted an NPC quarter final against Southland and boasted the second largest average NPC crowds.

The most disappointing was to not be allocated any RWC 2011 matches. However we are actively looking at the opportunities of hosting before or during the Cup.

Speedway also had a successful season and we hosted a number of shows in the sheds.

TCVL has worked closely with Tauranga City and its consultants in regards to the development of the proposed Indoor Sports and Exhibition Centre as plans for this centre have been finalised. It is hoped that construction of this building will commence in late 2009 and be completed in time for the Rugby World Cup 2011. This project will ensure that Baypark becomes the sporting, events and exhibition centre of the Bay of Plenty.

I would like to thank my fellow directors and the staff for their efforts over the last 12 months in ensuring a successful year in the operations of the stadium.

ON BEHALF OF CHAIRMAN

Grant Seagar
Chairman

A large, stylized handwritten signature in black ink, appearing to read 'Grant Seagar', with a long horizontal flourish underneath.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2009

2008 Actual (\$000's)		Note	2009 Actual (\$000's)	2009 Budget (\$000's)
Operational Revenue				
817	Functions, Advertising and Sponsorship Revenue	2	934	1,014
221	Other Revenue	3	369	379
<u>1,038</u>	Total		<u>1,303</u>	<u>1,393</u>
Operational Expenditure				
1,273	Other Expenditure	4	1,587	1,855
245	Depreciation and amortisation	5	304	300
<u>1,518</u>	Total		<u>1,891</u>	<u>2,155</u>
<u>(480)</u>	Operational Surplus / (Deficit) before taxation		<u>(588)</u>	<u>(762)</u>
(30)	Taxation Expense/(benefit)	6	(37)	0
<u>(450)</u>	Operational Net Surplus / (Deficit) after taxation		<u>(551)</u>	<u>(762)</u>
Other Comprehensive Income				
812	Revaluation of Property, Plant and Equipment		0	0
(185)	Taxation on Other Comprehensive Income		0	0
<u>177</u>	Total Comprehensive Income for the period		<u>(551)</u>	<u>(762)</u>

The accompanying accounting policies and notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2009

	Share Capital (\$000's)	Retained Earnings (\$000's)	Revaluation Surplus (\$000's)	Total Equity (\$000's)
Balance as at 1 July 2007	0	0	0	0
Capital Introduced during the year	2,000	0	0	2,000
Total Comprehensive Income for the year	0	(450)	812	362
Tax on Equity	0	0	(185)	(185)
Balance at 30 June 2008	2,000	(450)	627	2,177
Changes in Equity for 2009				
Total Comprehensive Income for the year	0	(551)	0	(551)
Tax on Equity	0	0	0	0
Balance at 30 June 2009	2,000	(1,001)	627	1,626

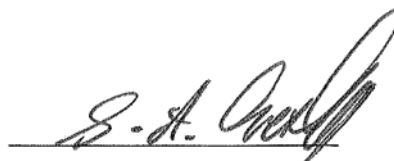
STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2009

Actual 2008 (\$000's)		Note	Actual 2009 (\$000's)
	Assets		
	Current Assets		
45	Cash and Cash Equivalents	7	42
133	Trade and Other Receivables	8	76
<u>178</u>	Total Current Assets		<u>118</u>
	Non Current Assets		
12,698	Property, Plant and Equipment	18b	12,473
1	Intangible Assets - Software	18b	0
<u>12,699</u>	Total Non Current Assets		<u>12,473</u>
<u>12,877</u>	Total Assets		<u>12,591</u>
	Liabilities		
	Current Liabilities		
465	Trade and Other Payables	11	242
80	Loan from Tauranga City Council	13	605
0	Redeemable Preference Shares	13	2,000
<u>545</u>	Total Current Liabilities		<u>2,847</u>
	Non Current Borrowings		
10,000	Redeemable Preference Shares	13	8,000
155	Deferred Tax Liability	6	118
<u>10,235</u>	Total Non Current Liabilities		<u>8,118</u>
<u>10,700</u>	Total Liabilities		<u>10,965</u>
<u>2,177</u>	Net Assets		<u>1,626</u>
	Equity		
2,000	Share Capital	14	2,000
627	Revaluation Reserve		627
(450)	Retained Earnings	15	(1,001)
<u>2,177</u>	Total Equity		<u>1,626</u>



John Adshead – Chairman
Date: 30th September 2009



Stuart Crosby - Director
Date: 30th September 2009

STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 30 JUNE 2009

2008		Note	2009
(\$000's)			(\$000's)
CASHFLOWS FROM OPERATING ACTIVITIES			
684	Functions, Advertising and Sponsorship Revenue		991
34	Other Revenue		369
(241)	Payments to Suppliers and employees		(1,336)
(380)	Interest Paid on RPS		(474)
0	Tax Paid		0
97	NET CASH FROM OPERATING ACTIVITIES	10	(450)
CASHFLOWS FROM INVESTING ACTIVITIES			
(12,132)	Purchase of Property, Plant and Equipment		(78)
(12,132)	NET CASH FROM INVESTING ACTIVITIES		(78)
CASHFLOWS FROM FINANCING ACTIVITIES			
80	Loan from Tauranga City Council		525
2,000	Capital Introduced		0
10,000	Proceeds from Borrowings		0
12,080	NET CASH FROM FINANCING ACTIVITIES		525
45	NET INCREASE/(DECREASE) IN CASH		(3)
0	CASH AT THE BEGINNING OF THE YEAR		45
45	CASH AND CASH EQUIVALENT AT THE END OF THE YEAR	7	42

The GST (net) component of operating activities reflects the net GST paid and received with the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

NOTES TO THE FINANCIAL STATEMENTS

1) STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2009

ENTITY STATEMENT

Tauranga City Venues Ltd (TCVL) is a Council Controlled Organisation (CCO) as defined in Section 6 of the Local Government Act 2002. The Company is wholly owned by Tauranga City Investments Ltd which is in turn, wholly owned by Tauranga City Council. The company is registered under the Companies Act 1993 and is a reporting entity for the purposes of the Financial Reporting Act 1993.

Tauranga City Venues Ltd was incorporated on 28 June 2007. The company commenced trading on 19 September 2007, therefore the first years reporting is only for 9.5 months to period end 30 June 2008. The second years reporting is for a full 12 months to the period end 30 June 2009.

The primary objective of TCVL is to provide goods and services for the community or social benefit, rather than making a financial return. Accordingly, TCVL, as part of the Tauranga City Council group, 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 have been prepared in accordance with NZ GAAP. They comply with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

The Company qualifies for Differential Reporting exemptions as it has no public accountability. All available reporting exemptions allowed under the Framework for Differential Reporting have been adopted with the exception of a Statement of Cashflows and Taxation as presented.

The financial statements of Tauranga City Venues Limited are for the year ended 30 June 2009. The financial statements were authorised for issue by TCVL Directors on 30 September 2009.

BASIS OF PREPARATION

The financial statements of Tauranga City Venues Ltd have been prepared in accordance with the requirements of the Companies Act 1993, the Financial Reporting Act 1993 and the Local Government Act 2002, which includes the requirements to comply with New Zealand generally accepted accounting practice (GAAP).

These financial statements have been prepared in accordance with NZ GAAP. They comply with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate to public benefit entities.

The measurement base adopted is that of historical cost and modified periodically through revaluation of buildings and improvements.

Business combinations are accounted for by applying the purchase method. On acquisition net assets are measured at their fair values. Any excess or deficiency of the cost of acquisition over or below the fair value of the identifiable net assets acquired is recognised as goodwill or discount on acquisition. After reassessment any excess of the acquirer's interest in the net fair value of the acquiree's identifiable net assets over the cost of the business combination is recognised in the profit and loss.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$ 000). The functional currency of TCVL is New Zealand dollars.

REVENUE RECOGNITION

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

- Leases

Lease revenue is recognised on a straight line basis over the term of the lease.

TAXATION

Income tax expense comprises both current tax and deferred tax, and is calculated using tax rates that have been enacted or substantively enacted by balance date.

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.

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.

The measurements of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

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

Deferred tax is recognised on taxable differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the company can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

GOODS & SERVICES TAX

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

PROPERTY, PLANT & EQUIPMENT

Property, Plant and Equipment consist of assets including buildings, improvements, computer equipment, office furniture/equipment and plant and equipment.

Non Infrastructural Assets	Useful Life (Years)	Depreciation and amortisation Method
Land	N/A	N/A
Buildings	50-100	SL
Improvements	20-25	SL
Computer Equipment	4-5	SL
Office Furniture / Equipment	8-12	SL
Other Plant & Equipment	8-20	SL
Motor Vehicles	5-10	SL

The accompanying accounting policies and notes form an integral part of these financial statements.

Depreciation and amortisation

All assets are depreciated over their expected useful life. Depreciation and amortisation is provided on a straight line (SL) or diminishing value (DV) basis, at rates calculated to allocate the asset cost less estimated residual value over the estimated useful life.

Valuation

Buildings and improvements are revalued with sufficient regularity to ensure that the carrying amount does not differ materially from fair value and at least every 3 years. Fair value is determined from market-based evidence by an independent valuer. All other asset classes are carried at depreciated historical cost. The carrying values of revalued items are reviewed at each balance date to ensure that those values are not materially different to fair value. Additions between revaluations are recorded at cost.

Buildings and improvements were valued at fair value as determined from market-based evidence by an independent valuer. The most recent valuations were undertaken by Quotable Value Ltd, at 30 June 2008 and related to the Baypark Stadium. Plant and equipment is not valued.

TCVL accounts for revaluations of Property, Plant and Equipment on a class of asset basis.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to TCVL 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 a 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 disposals are included in the statement of comprehensive income.

INTANGIBLE ASSETS

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with computer software are recognised as an expense when incurred.

The carrying value of an intangible asset with a finite life is amortised on a straight line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date the asset is derecognised. Amortisation charge for each period is recognised in the statement of comprehensive income.

Intangible assets capitalised to other assets are amortised at the rate of the principal asset to which they have been capitalised.

The useful lives for associated amortisation rates of major classes of intangible assets have been estimated as follows:

Computer Software	3 years	33%
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LEASES

Operating lease revenue, where the lessors effectively retain substantially all the risks and benefits of ownership of the leased item, are recognised as revenue on a straight line basis over the term of the lease.

The assets subject to the lease are included in the statement of financial position according to the nature of the asset. The leased assets are depreciated over the period TCVL expect to benefit from their use.

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.

TRADE AND OTHER RECEIVABLES

Trade and other Receivables are included at their net realisable value after any deduction for doubtful debts.

STATEMENT OF CASHFLOWS

The following definitions have been used for the preparation of the Statement of Cashflows:

Cash

Coins, notes, demand deposits, or highly liquid investments for which there is a recognised ready market and which are unconditionally convertible to coins and notes at TCVL's option within no more than two working days and which TCVL regards as part of its day-to-day cash management.

Operating Activities

Includes cash received from all sources of the company and records the cash payments made for the supply of goods and services.

Investing Activities

Activities relating to the acquisition, holding and disposal of fixed assets and of investments, such as securities.

Financing Activities

Activities which result in changes in the size and composition of equity and the capital structure of TCVL.

BORROWING POLICY

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest rate method

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In preparing these financial statements TCVL 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

2. FUNCTIONS, ADVERTISING AND SPONSORSHIP REVENUE

	Actual 2009 (\$000's)	Actual 2008 (\$000's)
Corporate Box Rentals	389	271
* Caterers Revenue and Commissions	176	87
Event Centre Functions	75	73
Naming Rights	0	60
Perimeter and Billboard Advertising	89	144
Rugby Revenue	56	0
Speedway Revenue	149	182
	<u>934</u>	<u>817</u>

* TCVL have little control over the receipt of \$176 of catering commission.

3. OTHER REVENUE

	Actual 2009 (\$000's)	Actual 2008 (\$000's)
Rentals	49	28
Interest	235	193
Sundry Events	85	0
	<u>369</u>	<u>221</u>

4. OTHER EXPENDITURE

	Actual 2009 (\$000's)	Actual 2008 (\$000's)
Administration	113	111
Audit Fees	17	25
Bad Debts and Provision for Bad Debts	7	64
Caterers Expense	0	0
Consultants and Directors Fees	53	133
Employee Costs	319	162
Operating Costs	252	158
Maintenance	104	52
Interest on RPS	707	567
Interest Paid	15	1
	<u>1,587</u>	<u>1,273</u>

5. DEPRECIATION AND AMORTISATION

	Actual 2009 (\$000's)	Actual 2008 (\$000's)
Buildings and Improvements	265	195
Plant and Equipment	28	39
Office Furniture and Equipment	3	5
Motor Vehicles	7	6
Software	1	0
	304	245

6. TAXATION

	2009 (\$000's)	2008 (\$000's)
a) Surplus/(Deficit) before taxation	(588)	(480)
Prima Facie Taxation 30% (2008 at 33%)	(176)	(158)
Plus (less) tax effect of:		
Non-deductable expenditure	170	95
Depreciation and amortisation adjustment	2	(32)
Unrecognised Tax Losses	57	65
Doubtful debt adjustment	3	0
Loss on sale adjustment	1	0
Imputation Credit	0	0
Prior Year Adjustment	0	0
Deferred tax adjustment	(94)	0
Taxation Expense/(loss benefit)	(37)	(30)
Represented As:		
Current Taxation	(37)	(30)
Prior Period adjustment to current Tax	0	0
	(37)	(30)

	2009 (\$000's)	2008 (\$000's)
b) Imputation Account Credit Account(Group)		
Opening balance 1 July	748	0
Resident Withholding Tax	0	0
Imputation Credits received	0	916
Less Tax Refunds	0	0
Imputation credits attached to dividends	(237)	(168)
Closing balance at 30 June	511	748

With effect from 28 June 2007, the company, along with its parent shareholder, Tauranga City Investments Limited, formed an imputation group (ICA Group). The closing imputation credit account balances represent the imputation credits available to the ICA Group.

Income tax flows and imputation credit movements are reported on an ICA Group across all members of the ICA Group. The credits are available to the shareholders (and shareholders of the ICA Group members) through the company's inclusion in the ICA Group.

	Property, Plant & Equipt	Other Provision	Tax Losses	Total
c) Deferred Tax Liability				
Balance as at 30 June 2007	0	0	0	0
Charged to income	(29)	0	59	30
Charged to Equity	(185)	0	0	(185)
Balance at 30 June 2008	(214)	0	59	(155)
Charged to income	39	0	(2)	37
Charged to Equity	0	0	0	0
Balance at 30 June 2009	(175)	0	57	(118)

7. CASH AND CASH EQUIVALENTS

	2009 (\$000's)	2008 (\$000's)
Cash	42	45
	<u>42</u>	<u>45</u>

Cash and cash equivalents include 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.

8. TRADE AND OTHER RECEIVABLES

	2009 (\$000's)	2008 (\$000's)
Accrued Income	0	4
Prepayments	8	0
Trade and other Receivables	65	104
GST	3	25
	<u>76</u>	<u>133</u>

The status of Receivables as at 30 June 2009 is detailed as follows:

	2009			2008		
	Gross	Impairment	Net	Gross	Impairment	Net
Receivables						
Not past due	33		33	68		68
Past due 1-60 days	9		9	32		32
Past due 61-90 days	8		8	0		0
Past due > 90 days	23	(8)	15	73	(69)	4
	<u>73</u>	<u>(8)</u>	<u>65</u>	<u>173</u>	<u>(69)</u>	<u>104</u>

Individually impaired receivables have been determined to be impaired because of the significant financial difficulty being experienced by the debtor.

9. STATEMENT OF COMMITMENTS AND CONTINGENCIES

The accompanying accounting policies and notes form an integral part of these financial statements.

There are no commitments and contingencies as at 30 June 2009 (NIL, 2008).

10. RECONCILIATION OF NET SURPLUS/(DEFICIT) WITH NET CASHFLOWS FROM OPERATIONS

	2009 (\$000's)	2008 (\$000's)
Net Surplus / (Deficit) from Statement of Comprehensive Income	(588)	(480)
Add / (Deduct) Non Cash Items		
Depreciation and amortisation	304	245
Add / (Deduct) Movements in Working Capital		
Decrease / (Increase) in Trade and Other Receivables	57	(133)
Increase / (Decrease) in Trade and Other Payables	(223)	465
Net Cash from Operating Activities	<u>(450)</u>	<u>97</u>

11. TRADE AND OTHER PAYABLES

	2009 (\$000's)	2008 (\$000's)
Trade and Other Payables		
Accrued Expenditure	68	80
Trade and Other Payables	65	210
Income in Advance - Corporate Advice, Signage	102	164
Employee Accruals	7	11
Total Trade and Other Payables	<u>242</u>	<u>465</u>

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

12. RELATED PARTY TRANSACTIONS

	2009 (\$000's)	2008 (\$000's)
Tauranga City Council		
(Shareholder of TCIL who wholly owns TCVL)		
Interest Received - TCC	0	4
Administration Services Provided	4	31
Purchase of Baypark Speedway and Events Centre	0	12,000
Loans Repaid	220	95
Loans Received	745	175
Tauranga City Venues Ltd		
<i>Administration Services Provided</i>		
Grant Seagar - Hartford Capital Ltd	43	0
John Adshead - John Adshead Promotions Ltd	19	0
<i>Operating Services Provided</i>		
Rex Pollock - Pollock and Sons Crane Hire Ltd	1	0
<i>Capital Costs</i>		
Tony McCartney - CPG New Zealand Ltd	10	0

13. BORROWINGS

	2009 (\$000's)	2008 (\$000's)
Borrowings		
Loan from Tauranga City Council	605	80
RM & EM Clarkson Family Trust Partnership - Redeemable Preference Shares	10,000	10,000
Total Borrowings	<u>10,605</u>	<u>10,080</u>
Less Current Borrowings	<u>2,605</u>	<u>80</u>
Total Non-Current Borrowings	<u>8,000</u>	<u>10,000</u>

Loan from Tauranga City Council

The loan from Tauranga City Council (TCC) to Tauranga City Venues Ltd (TCVL) is designated as a Financial Liability and recognised initially as fair value under NZ IFRS 39. After initial recognition it is on demand.

Security

The loan from TCC is unsecured.

Redeemable Preference Shares

Tauranga City Venues Ltd has classified the \$10m fixed rate redeemable preference shares (RPS) issued to RM & ME Clarkson Family Trust Partnership as debt under NZ IFRS. Installments of \$2m are due on 1 July 2009, 1 July 2010, 1 July 2011, 1 July 2012, and the final maturity on 1 July 2013. The interest paid on RPS for the year ending 30 June 2009 was \$474,142 (2008: \$380,560), imputation credits paid in relation to these shares was \$233,532.42 for the year ending 30 June 2009, (2008: \$187,440). The interest and attached imputation credits are recognised as interest expense in the Statement of Comprehensive Income.

Refer to Note 17 - Payment of Redeemable Preference Shares of \$2m was made on 1 July 2009

14. SHARE OF CAPITAL

	2009 (\$000's)	2008 (\$000's)
Opening Balance	2,000	0
Capital Introduced - Ordinary Shares - TCIL	0	2,000
Total Share Capital	<u>2,000</u>	<u>2,000</u>

2,000,100 ordinary shares @ \$1 per share are fully paid up. TCVL issued \$2,000,000 of ordinary uncalled capital to TCIL.

15. RETAINED EARNINGS

	2009 (\$000's)	2008 (\$000's)
Retained Earnings Opening Balance	(450)	0
Surplus / (Deficit) after Tax	(551)	(450)
Taxation on Equity	0	0
Total Retained Earnings	<u>(1,001)</u>	<u>(450)</u>

16. CAPITAL MANAGEMENT

TCVL's capital is its equity, which comprises TCVL capital and retained surpluses. Equity is represented by net assets. TCVL's deed requires the Board of Directors to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently. The equity is largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments and general financial dealings. The objective of managing TCVL's equity is to ensure that TCVL effectively achieves its objectives and purpose, whilst remaining a going concern.

17. SIGNIFICANT EVENTS AFTER BALANCE DATE

\$2m of Redeemable Preference Shares were paid to RM & ME Clarkson Family Trust Partnership on 1 July 2009.

18a. ACQUISITION OF BAYPARK ASSETS

Tauranga City Venues Ltd (TCVL) was established to purchase Baypark assets and further develop the site to include a new indoor sports and exhibition centre. TCVL was incorporated on 28 June 2007 and commenced trading on 19 September 2007. The company is wholly owned by Tauranga City Investments Ltd which is in turn, wholly owned by Tauranga City Council.

Name of Business Assets Aquired	Principal Activity	Date of Acquisition	Proportion of Shares Held	Cost of Acquisition
---------------------------------	--------------------	---------------------	---------------------------	---------------------

2008:

Baypark Assets	Sports and Exhibition Centre	21-Sep-07		\$ 12,000
				<u>\$ 12,000</u>

The cost of the acquisition of Baypark assets was \$12m comprising cash of \$2m and \$10m in redeemable preference shares. The fair value of the assets at date of acquisition was \$12m.

Baypark Assets Aquired	Book Value \$000's	Fair Value Adjustment \$000's	Fair Acquisition \$000's
------------------------	--------------------	-------------------------------	--------------------------

Non Current Assets

Buildings, Plant and Equipment	\$ 12,000	\$ -	\$ 12,000
	<u>\$ 12,000</u>	<u>\$ -</u>	<u>\$ 12,000</u>

18b. ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT

	2007/08	2007/08	2007/08	2007/08	2007/08	2008/09	2008/09	2008/09	2008/09	2008/09	2008/09	2008/09
	Asset Additions	Accum Depn & Amort	Asset Depn Write Back	Reval Surplus	Cost Reval	Opening Book Value	Asset Additions	Assets Disposed	Asset Depn Written Back	Current Depn & Amort	Accum Depn & Amort	Closing Book Value
	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)
At Cost												
Buildings & Improvements	11,597	(195)	195	812	12,214	12,214	54	0	0	(265)	(265)	12,003
Plant & Equipment	464	(39)	0	0	425	425	7	(7)	3	(28)	(67)	400
Office Furniture & Equipment	26	(5)	0	0	21	21	8	(1)	1	(3)	(8)	26
Motor Vehicles	44	(6)	0	0	38	38	14	(2)	1	(7)	(13)	44
Software	1	0	0	0	1	1	0	0	0	(1)	(1)	0
	12,132	(245)	195	812	12,699	12,699	83	(10)	5	(304)	(354)	12,473

19) STATEMENT OF INTENT PERFORMANCE

The company has complied with section 64 of the Local Government Act 2002, and has had the Statement of Intent formally adopted by Council for the year ended 30 June 2009.

	Objectives for 2008/09	Performance Indicators	Target	Actual																
1	To meet, and where possible exceed, the expectation of Tauranga City Investments Limited, Tauranga City Council, and all of the stakeholders of the company.	<ul style="list-style-type: none"> Comply with our adopted Statement of Intent. 	Full compliance with the target.	Ongoing																
2	Operate the facilities within its control so that the company meets all its financial and non financial requirements.	<p>FINANCIAL TARGETS</p> <p>Business and Strategic Monitoring</p> <ul style="list-style-type: none"> To implement year one of a year five year strategic plan. To achieve and or exceed the annual plan targets. Grow revenue and operating surplus each year for the next five years. <p>Financial Contract Monitoring</p> <ul style="list-style-type: none"> To develop an annual business plan with achievable goals and an approved budget. Monitor each of TCVL's direct control financial centers to ensure the forecast revenue and cost budget targets are met. 	<p>100%</p> <p>100%</p> <p>Revenue - 15% p.a. EBIT - 15% pa</p> <p>100%</p>	<p>Completed</p> <p>Completed</p> <p>Achieved</p> <p>Completed</p> <p>Ongoing</p>																
		□	<table border="1"> <tr> <td>Direct control revenue</td> <td>\$835,000</td> <td>Direct control revenue</td> <td>\$555,000</td> </tr> <tr> <td>Other Revenue</td> <td>\$325,000</td> <td>Other Revenue</td> <td>\$515,000</td> </tr> <tr> <td>Operating Cost</td> <td>\$980,000</td> <td>Operating Cost</td> <td>\$863,000</td> </tr> <tr> <td>EBIT</td> <td>\$180,000</td> <td>EBIT</td> <td>\$207,000</td> </tr> </table>	Direct control revenue	\$835,000	Direct control revenue	\$555,000	Other Revenue	\$325,000	Other Revenue	\$515,000	Operating Cost	\$980,000	Operating Cost	\$863,000	EBIT	\$180,000	EBIT	\$207,000	
Direct control revenue	\$835,000	Direct control revenue	\$555,000																	
Other Revenue	\$325,000	Other Revenue	\$515,000																	
Operating Cost	\$980,000	Operating Cost	\$863,000																	
EBIT	\$180,000	EBIT	\$207,000																	

	Objectives for 2008/09	Performance Indicators	Target	Actual
		<ul style="list-style-type: none"> • Monitor the financial centers not under TCVL's direct control to identify opportunity for improvement. • Report on all financial data including variance's and forecasts. <p>NON FINANCIAL TARGETS</p> <p>Quality Assurance and Safety</p> • TCVL will ensure quality assurance plans are in place for the site and that these are properly monitored. Any non conformance will be reported in a timely manner. • TCVL will commission six monthly and annual independent operational audits of its facilities. • TCVL will ensure the health and safety plans are operative and undertake annual safety audits and warrant of fitness inspections on all buildings under its control or ownership. 	<p>Proactively engage with the owners of the non controlled centers to improve performance.</p> <p>100% compliance with reporting environment.</p> <p>TCVL will ensure that all contracted parties are conversant with the QA system.</p> <p>100% compliance with the Quality assurance provisions of the relevant contract conditions.</p> <p>100% compliance with the Health and Safety and/or maintenance provisions of the relevant contract conditions..</p> <p>Annually completed.</p>	<p>Completed</p> <p>Achieved</p> <p>Achieved</p> <p>Achieved</p> <p>Achieved</p>

	Objectives for 2008/09	Performance Indicators	Target	Actual
		<p>Marketing</p> <ul style="list-style-type: none"> TCVL will be required to maintain the marketing and promotion plan for all other activities undertaken on the site. Further TCVL will monitor the measurable components of the plan to ensure management is maximizing its marketing spend. <p>Customer Satisfaction and Service</p> <ul style="list-style-type: none"> TCVL will undertake annual independent surveys to monitor customer satisfaction and business performance. TCVL will ensure there is a complaints process maintained and any customer complaint will be acted upon within five working days of identification/ lodgment. TCVL will ensure all contracted agencies meet all their obligations under the terms of the agreement. <p>Risk Management</p> <p>To develop risk management strategies in our key business areas.</p>	<p>TCVL will prepare an annual marketing plan and constantly monitor the results.</p> <p>TCVL will undertake one survey during each of the speedway and rugby seasons.</p> <p>Six monthly operational audits monitor a sample of customer service documents to ensure contractual obligations.</p> <p>100%</p> <p>Completed by December 2008 and reviewed quarterly.</p>	<p>Achieved</p> <p>Not achieved – decision made that speedway and rugby patrons are TCVL customers and that TCVL would rely on feedback from event organisers</p> <p>Achieved</p> <p>Achieved</p> <p>Achieved</p>

	Objectives for 2008/09	Performance Indicators	Target	Actual
3	Review and if appropriate adopt any relevant business practices that would enable the company to better meet its objectives.	<ul style="list-style-type: none"> Undertake an annual joint governance and operational strategy workshop. To identify any facility and service enhancements and conduct feasibility and business plans for such improvements. 	<p>Complete by December 31st each year.</p> <p>Completed as required.</p>	<p>Completed</p> <p>Ongoing</p>
4	Ensure the effective and efficient management of Assets within its control so as to achieve the optimum financial results within the policy requirements of its shareholders.	<p>Asset Management</p> <ul style="list-style-type: none"> TCVL will implement the asset management plans completed for each facility and negotiate with its shareholder appropriate budget allocations to meet the cost of annual maintenance renewals and improvements. 	<p>TCVL will ensure that all maintenance scheduled in the AMP is undertaken each year.</p> <p>TCVL will ensure that all capital and renewals program is undertaken within each year.</p>	<p>Not achieved – plan completed September 2009</p> <p>Achieved</p>
5	Manage and monitor the contractual relationships, so as to drive optimum benefit to the company and its stakeholders.	<ul style="list-style-type: none"> TCVL will ensure they receive regular performance reports and discuss the outcome of those reports with all contracted parties. 	<p>100% compliance with contracted conditions.</p> <p>Documented reports and consultative meetings.</p>	<p>Achieved</p> <p>Achieved</p>

	Objectives for 2008/09	Performance Indicators	Target	Actual
6	Develop strategic plans for both short and long term operation of the facilities.	<ul style="list-style-type: none"> To transform current contractual relationships into partnerships that assist in enhancing and developing our facilities. TCVL will develop an annual plan that meets the companies' mission statement. TCVL will develop a Strategic Plan that meets the companies' mission statement. 	<p>Annual Partnering workshops with all contracted parties.</p> <p>Clearly report demonstrable strategic benefits to both parties.</p> <p>Completed and reviewed annually.</p> <p>Completed and reviewed annually.</p>	<p>Achieved. Partners included in Strategic workshops</p> <p>Achieved</p> <p>Completed</p> <p>Completed</p>
7	To keep all stakeholders informed of the performance of the company.	To implement and maintain communication procedures to ensure all stakeholders are provided with appropriate and timely information on the operation of all facilities under TCVL control.	All communication strategies completed.	Completed

STATUTORY DISCLOSURES

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

Transactions involving self-interest have been disclosed in the interests register during the period. Please refer to Note 12.

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

Director	Start Date	End Date	Fees Accrued	Fees Paid
Grant Seagar	28.09.07	Still a director	\$833	\$10,000
Rex Pollock	28.09.07	Still a director	\$833	\$10,000
Tony McCartney	28.09.07	Still a director	Nil	\$10,833
John Adshead	28.09.07	Still a director	\$833	\$10,000
Stuart Crosby	22.08.08	Still a director	Unpaid Director	Unpaid Director

There were no donations made by the company during the period

The company paid \$25,000 in Financial Audit Fees during the year, and accrued \$16,920 for the year ended 30 June 2009 audit.

Audit Report
To the readers of
Tauranga City Venues Ltd's
financial statements and performance information
for the year ended 30 June 2009

The Auditor-General is the auditor of Tauranga City Venues Ltd (the company). The Auditor-General has appointed me, John Scott, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of the company for the year ended 30 June 2009.

Qualified Opinion – Our work was limited because of limited control over revenue

Prior to being recorded, control over the receipt of \$123,000 (2008 \$52,000) of catering commission revenue, which is included within the total of caterers revenue and commissions of \$176,000 (2008 \$87,000) in note 2, is limited and there are no satisfactory audit procedures that we could adopt to confirm independently that all catering commission revenue was properly recorded.

In our opinion:

- Except for adjustments that might have been found to be necessary had we been able to obtain sufficient evidence concerning catering commission revenue, the financial statements of the company on pages 3 to 18 and page 24:
 - comply with generally accepted accounting practice in New Zealand; and
 - give a true and fair view of:
 - the company's financial position as at 30 June 2009; and
 - the results of its operations and cash flows for the year ended on that date.
- The performance information of the company on pages 19 to 23 gives a true and fair view of the achievements measured against the performance targets adopted for the year ended 30 June 2009.
- Based on our examination the company kept proper accounting records.

The audit was completed on 30 September 2009, and is the date at which our opinion is expressed.

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

Basis of Opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards. However, the scope of our work was limited because of the limited control over revenue.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements and performance information did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and performance information. We were unable to determine whether there are material misstatements in relation to catering

commission revenue because the scope of our work was limited, as we referred to in our opinion.

The audit involved performing procedures to test the information presented in the financial statements and performance information. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Board of Directors;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all required disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and performance information.

We evaluated the overall adequacy of the presentation of information in the financial statements and performance information. We did not obtain all the information and explanations we required due to the limited control over revenue, as explained above.

Responsibilities of the Board of Directors and the Auditor

The Board of Directors is responsible for preparing the financial statements in accordance with generally accepted accounting practice in New Zealand. The financial statements must give a true and fair view of the financial position of the company as at 30 June 2009 and the results of its operations and cash flows for the year ended on that date. The Board of Directors is also responsible for preparing performance information that gives a true and fair view of service performance achievements for the year ended 30 June 2009. The Board of Directors' responsibilities arise from the Financial Reporting Act 1993 and the Local Government Act 2002.

We are responsible for expressing an independent opinion on the financial statements and performance information and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 69 of the Local Government Act 2002.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

Other than the audit, we have no relationship with or interests in the company.



John Scott
Audit New Zealand
On behalf of the Auditor-General
Tauranga, New Zealand

Matters Relating to the Electronic Presentation of the Audited Financial Statements, Performance Information and the Other Requirements

This audit report relates to the financial statements, performance information and the other requirements of Tauranga City Venues Limited (TCVL) for the year ended 30 June 2009 included on Baypark's website. TCVL is responsible for the maintenance and integrity of Baypark's website. We have not been engaged to report on the integrity of Baypark's website. We accept no responsibility for any changes that may have occurred to the financial statements, performance information and the other requirements since they were initially presented on the website.

The audit report refers only to the financial statements, performance information and the other requirements named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements, performance information and the other requirements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements, performance information and the other requirements as well as the related audit report dated 30 September 2009 to confirm the information included in the audited financial statements, performance information and the other requirements presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.