



BAY VENUES FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

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CHAIRPERSON'S REPORT

The 2015 year reflects Bay Venues first full year of operation since it was formed during the 2013/2014 year.

Bay Venues is a Council Controlled Organisation (CCO), formed by the amalgamation of three complementary existing Council organisations (TCAL, TCVL and TCIL) with the objective of providing improved financial sustainability and enhanced customer experience in the venues, leisure and events sectors.

The resulting operating entity has assets of \$110m and comprises a team of 186 permanent and 88 casual staff.

Customer Focus

A significant amount of focus continues to be placed on ensuring our customers enjoy a high level of service when they visit our facilities. Survey results show that customer satisfaction is high across all facilities with the propensity to recommend our facilities sitting between 86% and 92%.

While the Board is satisfied with these very good customer satisfaction results, emphasis will continue to be placed on exceeding the expectations of our customers.

Financial Sustainability

One of the key objectives of the amalgamation was to reduce the cost to Tauranga City Council of providing Venue, Leisure and Event facilities to the wider community.

The generally recognised measure of this is the company's earnings before interest, depreciation and amortisation (EBITDA).

Staffing and administrative costs have reduced by \$600,000 from 2014, reflecting the improvements to business structure and efficiencies. Operational costs in catering have increased from 2014 in line with increased revenue; repairs and maintenance costs have increased as we implement outcomes from our asset management plans.

Additionally Bay Venues has increased its annual revenue by over \$1,349,000.

Summary of Operational Performance

	2014/15 Actual (\$,000's)	2014/15 Budget (\$,000's)	2013/14 Actual (\$,000's)
User Revenue	13,177	12,483	11,418
Other Revenue	74	126	180
TCC Operational Grant	2,368	2,542	2,672
Total Revenue	15,619	15,151	14,270
Operational Expenditure	15,487	14,893	15,382
EBITDA Surplus/(Deficit)	132	258	(1,112)

Reconciliation to Statement of Comprehensive Revenue and Expenses

	2014/15 Actual (\$,000's)	2014/15 Budget (\$,000's)	2013/14 Actual (\$,000's)
Add/(deduct) TCC Debt Servicing Grant	1,451	-	2,911
TCC Depreciation Grant	-	-	855
Finance Costs	(2,522)	-	(2,435)
Depreciation & Amortisation	(4,325)	-	(4,391)
Loss on disposal	(14)	-	-
Depreciation reserve repaid	(1,029)	-	-
Reported Surplus/(Deficit) before Tax as per Financial Statements	(6,307)	258	(4,171)

The 2014/2015 net EBITDA result reflects significant improvement over the prior year posting a surplus of \$132,000, compared to the 2013/2014 (pre-amalgamation) deficit of \$1.112m.

The \$132,000 surplus was however less than the budget of \$258,000, as \$155,000 of budgeted planned Council funding was removed shortly after budgets were adopted.

Within this 2015 year Bay Venues was also recapitalised by its 100% shareholder Tauranga City Council. This planned recapitalisation, together with the transfer of the remaining community operational venues and assets to Bay Venues ownership, completes the overall amalgamation process.

Clear focus on further improving operating efficiencies and building upon the increases in revenue (together with its recapitalisation), will ensure the company can deliver on its undertaking to provide ongoing financial and operating sustainability within the Tauranga City Council's vision of its planned community support and services.

Within the financial results in this report, some figures do not readily relate to prior years due to differing treatment of Council grants and other costs.

Please refer to explanatory notes to assist comparison. Subsequent years will reflect "like for like" comparative figures.

Health and Safety

Our commitment to Health and Safety excellence started from day one of the amalgamation.

The Board, Directors and Senior Management are totally focused on the ongoing achievement of best Health and Safety practice.

An organisation like Bay Venues covers a large cross-section of activities, venues and events, which in turn requires constant vigilance and focus on all relevant Health and Safety matters affecting both our staff and our customers/visitors.

I would like to thank members of the Board Health & Safety Sub-committee who have, together with the total staff team, developed improved systems and policies including the introduction of more comprehensive Health & Safety reporting/action programmes.

Staff Team

Bay Venues is most fortunate to have a team of highly experienced, competent and loyal staff who have together developed a close-knit team culture focused on helping and supporting each other and ensuring our customers/visitors enjoy a superb and safe experience.

The "Core Values" of the team were developed by the team and they reflect the common beliefs underpinning the organisation.

The Board thanks each and every member of this special staff team.

Community Outcomes

Our organisation exists primarily to sustainably provide safe and effective venue facilities and fantastic activities and events for the community.

We measure specifically and transparently against pre-set targets our visitor numbers, revenue and customer satisfaction levels.

I have pleasure in highlighting some relevant achievements:

Visitor Numbers

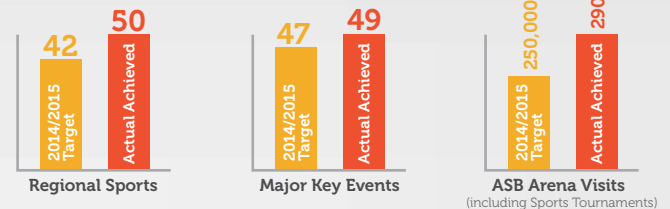
2014/2015 TARGET
1,546,089

ACTUAL ACHIEVED
1,696,700

110%
OF TARGET

NB: Visitor numbers prior to amalgamation were 1,400,000

Events and ASB Arena visits



Learn to Swim & Aquatic Programmes

	2014/2015 TARGET	ACTUAL VISITORS
Enrolments:	4,778	5,400 = 113%
Students during terms:	30,257	34,360 = 114%

Strategic Planning

A key responsibility for the Board and Senior Management is to ensure all Venues, Facilities and Events are not only sustainable and "fit for purpose" today, but more importantly appropriate for tomorrow.

The Board's Strategic Plan is our pivotal guiding document for the future. This is a "living document" that looks out over the next 5–10 years, to plan appropriate facilities and venues for the fast growing city of Tauranga.

To assist we have worked with Sport Bay of Plenty to jointly initiate a study of regional sport facilities within the wider Bay of Plenty to assist in our future sustainable growth plans.

Team Achievement

I would like to pay particular tribute and thanks to the Board, the Senior Management and the whole Staff team for the extraordinary efforts made to ensure our first full year was achieved with such successful gains for the Tauranga Community.

In particular I would like to thank Gary Dawson who as Chief Executive Officer has successfully guided the company through this first year with strong leadership and a "future facing" vision.

Gary has a very experienced, loyal and capable Senior Leadership Team of:

- Tina Harris-Ririnui – Venues & Programmes Manager
- Ervin McSweeney – Commercial Manager
- Tania Delahunty – Business Performance Manager

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

Finally I would like to acknowledge the support, guidance and co-operation provided by our 100% shareholder Tauranga City Council.

We continue to appreciate the great support, advice and guidance from Elected Members and the Senior Management of the City Council.

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

Over the next 5–10 years the Board is focused on developing Bay Venues to become the most sustainably effective Venues and Events organisation in New Zealand. With the ongoing and projected growth of Tauranga City, it is essential that we match that growth with improved and expanded facilities and services for the community to enjoy.

This we will achieve.

Peter Farmer
Chairman
Bay Venues



STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 Actual (\$,000's)	2015 Budget (\$,000's)	2014 Actual (\$,000's)
Revenue				
User Revenue		13,177	12,483	11,418
Other Revenue	3	74	126	180
TCC Operational Grant		2,368	2,542	2,672
TCC Depreciation Grant		-	-	855
TCC Debt Servicing Grant		1,451	-	2,911
Total Operational Revenue	2	17,070	15,151	18,037
Expenditure				
Employee Expenses	4	7,239	7,108	7,347
Administrative Expense		936	1,088	1,426
Consulting & Governance Expenses	5	571	497	476
Operating Expenses (incl. COGS)	6	6,925	5,358	5,446
Repairs & Maintenance Expense		813	747	638
Joint Venture Commission		46	95	49
Finance Costs		2,522	-	2,435
Depreciation & Amortisation Expense	7	4,325	-	4,391
Total Operating Expenditure		23,377	14,893	22,208
Surplus/(Deficit) before Tax		(6,307)	258	(4,171)
Income Tax Expense/(Benefit)	8	1,686	-	665
Surplus/(Deficit) after tax		(4,621)	258	(3,506)
Other Comprehensive Revenue & Expense				
Gain on Property, Plant & Equipment Revaluation		11,242	-	-
Tax on Revaluation		(3,148)	-	-
Total Comprehensive Revenue & Expense		3,473	258	(3,506)

TOTAL USER REVENUE

\$11,418 mil

BALANCE AS AT 30 JUNE 2014

\$13,177 mil

BALANCE AS AT 30 JUNE 2015

115%

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2015

	Note	Share Capital (\$,000's)	Retained Earnings (\$,000's)	Revaluation Surplus (\$,000's)	Other Reserves (\$,000's)	Total Equity (\$,000's)
Balance as at 1 July 2013		33,861	(8,072)	12,743	60	38,592
Total Comprehensive Revenue and Expense for the year		-	(3,506)	-	-	(3,506)
Capital introduced during the year		3,000	-	-	-	3,000
Balance at 30 June 2014		36,861	(11,578)	12,743	60	38,086
Balance at 1 July 2014		36,861	(11,578)	12,743	60	38,086
Total Comprehensive Revenue and Expense for the year		-	(4,621)	8,094	-	3,473
ASB Naming Rights Reserve		-	(381)	-	381	-
Capital introduced during the year		49,232	-	-	-	49,232
Balance at 30 June 2015		86,093	(16,580)	20,837	441	90,791

TOTAL EQUITY

\$38,086mil

BALANCE AS AT 30 JUNE 2014

\$90,791mil

BALANCE AS AT 30 JUNE 2015

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

	Note	2015 Actual (\$000's)	2014 Actual (\$000's)
ASSETS			
Current Assets			
Cash and Cash Equivalents	9	104	515
Inventory	10	323	231
Debtors and Other Receivables	11	1,040	785
Total Current Assets		1,467	1,531
Non Current Assets			
Property, Plant and Equipment		108,997	88,503
Intangible Assets	12	619	467
Total Non Current Assets	13	109,616	88,970
Total Assets		111,083	90,501
LIABILITIES			
Current Liabilities			
Employee Entitlements	14	674	624
Trade and Other Payables	15	2,240	2,651
Loan from Tauranga City Council	16	-	9,344
Total Current Liabilities		2,914	12,619
Non Current Liabilities			
Loan from Tauranga City Council	16	7,516	31,396
Deferred Tax	8	9,862	8,400
Total Non Current Liabilities		17,378	39,796
Total Liabilities		20,292	52,415
Net Assets		90,791	38,086
EQUITY			
Share Capital	17	86,093	36,861
Retained Earnings	18	(16,580)	(11,578)
Revaluation Reserves	19	20,837	12,743
Other Reserves	20	441	60
Total Equity		90,791	38,086

DIRECTOR



John Loughlin

DIRECTOR



Dean Waddell

Date: 7 September 2015

Date: 7 September 2015

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

STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 Actual (\$000's)	2014 Actual (\$000's)
OPERATING ACTIVITIES			
Cash was provided from:			
Cash received from customers		12,711	11,053
Grants received		3,819	6,438
Dividend received		38	20
Cash received from other sources		36	180
		16,604	17,691
Cash was applied to:			
Payments to Employees		(7,189)	(7,263)
Payments to Suppliers		(10,063)	(7,309)
Interest Paid		(2,522)	(2,435)
Goods and Services Tax (net)		480	104
		(19,294)	(16,903)
Net Cashflows from Operating Activities	22	(2,690)	788
INVESTING ACTIVITIES			
Cash was applied to:			
Purchase of Property, Plant and Equipment		(13,728)	(1,509)
Sale of Property, Plant and Equipment		-	8
Net Cashflows from Investing Activities		(13,728)	(1,501)
FINANCE ACTIVITIES			
Cash was provided from:			
Tauranga City Council Loans		-	8,090
Increase in Equity		49,232	3,000
		49,232	11,090
Cash was applied to:			
Repayment of Tauranga City Council Loans		(33,225)	(9,998)
Net Cashflows from Financing Activities		16,007	1,092
Net Increase / Decrease in Cash Held		(411)	379
Add Opening Cash		515	136
Closing Cash		104	515

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

STATEMENT OF ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2015

1.1 Entity Statement

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

The primary objective of Bay Venues is to provide goods and services for the community or social benefit, rather than making a financial return. Accordingly, Bay Venues, as part of the Tauranga City Council group, has designated itself as a Public Benefit Entity (PBE) for financial reporting purposes.

The financial statements of Bay Venues are for the year ended 30 June 2015. The financial statements were authorised for issue by Bay Venues Directors on 7 September 2015.

1.2 Basis of Preparation

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

These financial statements have been prepared in accordance with Tier 2 PBE accounting standards on the basis that Bay Venues is not publicly accountable and expenses are between \$2 and \$30 million. These financial statements comply with PBE Standards and are the first financial statements presented in accordance with the new PBE accounting standards.

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

Measurement base

The financial statements have been prepared on historical cost basis, modified by the revaluation of plant and buildings.

Functional and presentation currency

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

Public Benefit Entity (PBE) Accounting Standards

The Minister of Commerce has approved a new accounting standards framework (incorporating a tier strategy) developed by the External Reporting Board (XRB). Under this reporting standards framework Bay Venues is classified as a Tier 2 reporting entity, however, Bay Venues will not be taking advantage of all exemptions. These standards are based on current International Public Sector Accounting Standards. The effective date for the new standards for public sector entities is for reporting periods beginning on or after 1 July 2014. This means Bay Venues expects to transition to the new International Public Sector Accounting Standards (IPSAS) in preparing its 30 June 2015 financial statements.

1.3 Revenue Recognition

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

Sale of Goods

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

User fees & charges

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

1.4 Income Taxation

Income tax expense is the aggregate of current period movements in relation to both current and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using the tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable surplus.

Deferred tax is measured at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or

substantively enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the group expects to recover or settle the carrying amount of its assets and liabilities.

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

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

Current tax and deferred tax is recognised in the surplus or deficit for the period, except to the extent that it relates to a business combination, or to transactions recognised in other comprehensive income or directly in equity.

1.5 Leases

Finance Leases

A finance lease is a lease that transfers to the lessee substantially all the risks and benefits incidental to the ownership of an asset, whether or not title is eventually transferred.

At the commencement of the lease term, Bay Venues recognises finance leases as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether Bay Venue Limited obtains ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term or its useful life.

Operating Lease

An operating lease is a lease that does not transfer substantially all the risks and benefits of ownership of the leased item to the lessee.

Lease payments under an operating lease are recognised as expenses in the surplus or deficit on a straight line basis over the lease term.

1.6 Cash 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.

1.7 Debtors and Other Receivables

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

1.8 Other Financial Assets

Financial assets are initially recognised at fair value plus transaction costs; unless they are carried at fair value through surplus and deficit in which case the transaction costs are recognised in surplus or deficit.

The purchase and sale of financial assets are recognised at trade date, the date on which Bay Venues commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cashflows from the financial assets have expired or have been transferred and Bay Venues has transferred substantially all the risks and rewards of ownership.

Bay Venues classify its financial assets into the following categories; fair value through surplus or deficit, or loans and receivables. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

Fair Value through Surplus or Deficit

Financial assets at fair value through surplus or deficit include financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of short term profit taking

Financial assets acquired principally for the purpose of selling in the short term or part of a portfolio classified as held for trading are classified as a current asset.

After initial recognition, financial assets in this category are measured at their fair values with gains or losses on re measurement recognised in the surplus or deficit.

Loans and Receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non current assets. Bay Venues loans and receivables comprise debtors and other receivables, term deposits and related party loans.

After initial recognition they are measured at amortised cost using the effective interest rate method less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit. After initial recognition they are measured at amortised cost, using the effective interest method, less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

1.9 Impairment of Financial Assets

Financial assets are assessed for objective evidence of impairment at each balance date. Impairment losses are recognised in the surplus or deficit.

Loans and Receivables

Impairment is established when there is objective evidence that Bay Venues will not be able to collect amounts due according to the original terms of the debt. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy and default on the payments are considered indicators that the asset is impaired.

The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectable, it is written off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (that is not past due). Impairment in term deposits is recognised directly against the instrument's carrying value.

1.10 Inventories

Inventories (such as spare parts and other items) held for distribution or consumption in the provision of services that are not supplied on a commercial basis is measured at cost, adjusted when applicable, for any loss of service potential. The loss of service potential of inventory held for distribution is determined on the basis of obsolescence. Where inventories are acquired at no cost or for nominal consideration, the cost is the current replacement cost at the date of acquisition.

Inventory held for use in the production of goods and services on a commercial basis is valued at the lower of cost and net realisable value. The cost of purchased inventory is determined using the first in first out (FIFO) method.

Inventories held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at cost adjusted for any loss of service potential.

The amount of any write down for the loss of service potential or from cost to net realisable value is recognised in the surplus or deficit in the period of the write down.

1.11 Property, Plant and Equipment

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

Revaluation

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

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

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

For the assumptions used when applying the methods above please refer to note 1.22.

Additions

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

Costs incurred subsequent to initial recognition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to Bay Venues and the cost of the item can be measured reliably.

In most cases an item of property plant and equipment is initially recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Work in progress is recognised at cost less impairment and is not depreciated.

Disposals

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposal are included in the surplus or deficit. When revalued assets are sold, the amounts included in the asset revaluation reserves in respect of those assets are transferred to retained earnings.

Depreciation

All assets are depreciated over their expected useful lives. Depreciation is provided on a straight line (SL) or diminishing value (DV) basis, at rates calculated to allocate the asset cost less estimated residual value over the estimated useful life. When assets are revalued, depreciation rates are overridden by the new annual depreciation rates which may be outside the range for the class of asset to accurately reflect the useful life of the asset.

CLASS OF ASSET DEPRECIATED	Estimated Useful Life	Depreciation Method
Operational Assets		
Building & Improvements	2 - 100 yrs	SL
Plant & Equipment	3 - 50 yrs	SL
Computer Equipment	4 - 5 yrs	SL
Furniture & Equipment	8 - 12 yrs	SL
Motor Vehicles	5 - 10 yrs	SL

1.12 Intangible Assets

Goodwill

Goodwill on the purchase of the Speedway business is included in intangible assets.

Software Acquisition and Development

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

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

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised.

The amortisation charge for each period is recognised in the surplus or deficit.

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

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

1.13 Impairment of Property, Plant and Equipment and Intangible Assets

Intangible assets that have an indefinite useful life, or are not yet available for use, are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for indicators of impairment at each balance date. When there is an indication of impairment the asset's recoverable amount is estimated. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependant on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service potential.

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

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

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

The reversal of an impairment loss on a revalued asset is credited to other comprehensive income and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of the impairment loss is also recognised in the surplus or deficit.

For assets not carried at a revalued amount (other than goodwill) the reversal of an impairment loss is recognised in the surplus or deficit.

1.14 Creditors and Other Payables

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

1.15 Borrowings

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

Venues has an unconditional right to defer settlement of the liability for at least 12 months after balance date, or if the borrowings are expected to be settled within 12 months of balance date.

1.16 Employee Entitlements

Short-term Employee Entitlements

Salaries, wages and annual leave that are due to be settled within 12 months after the end of the period in which the employee renders the related service are measured at nominal values based on accrued entitlements at current rates of pay.

Long-term Employee Entitlements

Employee entitlements are those entitlements that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave and retirement gratuities.

Superannuation Schemes

Obligations for contributions to KiwiSaver are accounted for as defined contribution superannuation schemes and are recognised as an expense in the surplus or deficit when incurred.

Annual leave and long service leave, expected to be settled within 12 months of balance date, are classified as a current liability. All other employee entitlements are classified as a non current liability.

1.17 Provisions

Bay Venues recognises a provision for future expenditure of an uncertain amount or timing when there is a present obligation, (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation. Provisions are not recognised for future operating losses.

1.18 Equity

Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components.

- Share Capital
- Retained Earnings
- Property, Plant and Equipment Revaluation Reserve
- Other reserves

Property Revaluation Reserve

This reserve relates to the revaluation of property, plant and equipment to fair value.

Other Reserves

This reserve relates to the Schools in Pools reserve set up to promote swimming and the ASB naming rights reserve.

1.19 Goods & Services Tax

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

Commitments and contingencies are disclosed exclusive of GST.

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

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

1.20 Budget Figures

The budget figures are those adopted by Bay Venues and approved by Tauranga City Council in its 2014/15 Annual Plan. The budget figures have been prepared in accordance with NZ GAAP and are consistent with the accounting policies adopted by Bay Venues for the preparation of the financial statements.

1.21 Critical accounting estimates and assumptions

In preparing these financial statements, estimates and assumptions have been made 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. There are no significant estimates and assumptions that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year.

1.22 Critical judgements in applying accounting policies

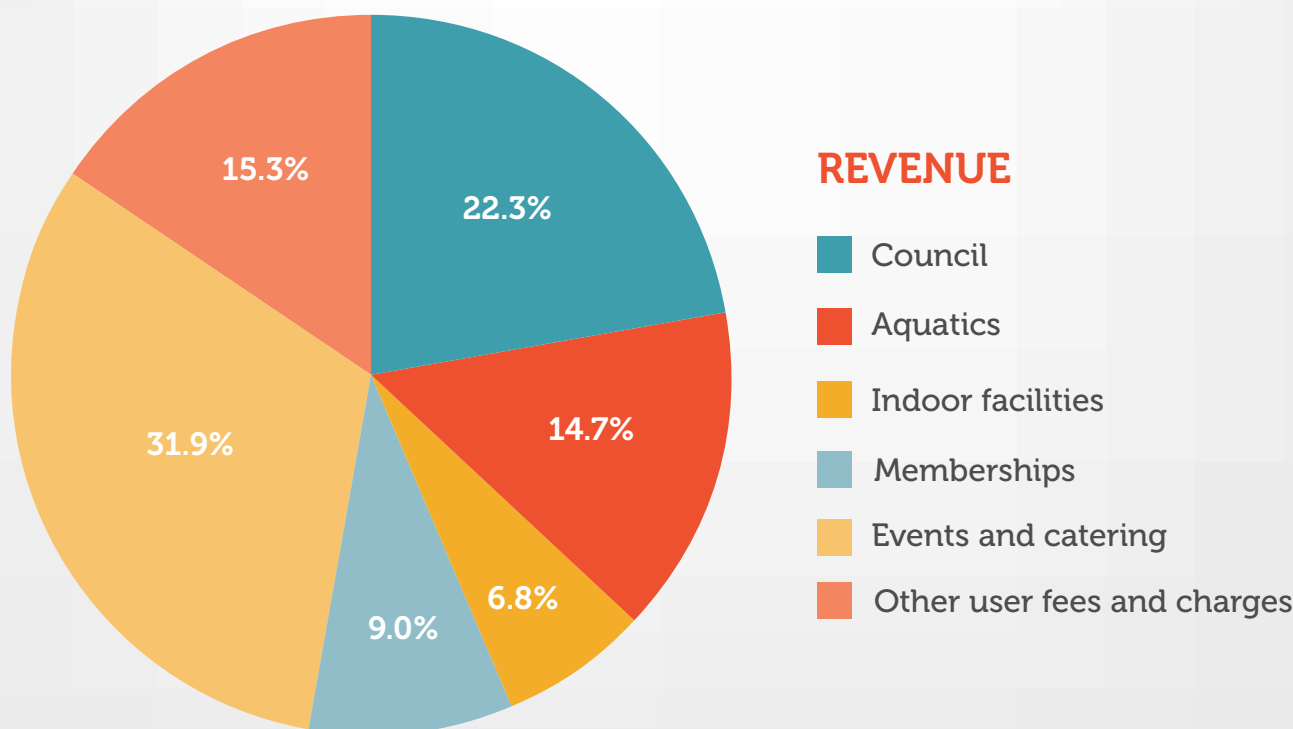
Management has exercised the following critical judgements in applying accounting policies for the year ended 30 June 2015:

Asset Revaluation

Quotable Values performed the asset revaluation effective as at 1 July 2014. Bay Venues has accepted their valuation methodology and has reflected the asset valuations calculated, based on their methodology, in the financial statements.

1.23 Explanation of major variances against budget

Note 26 provides explanations of major variances against budget and current year actual results compared to the prior year's results.



NOTES TO THE FINANCIAL STATEMENTS

Note 2: REVENUE FROM EXCHANGE AND NON EXCHANGE TRANSACTIONS

	2015 Actual (\$000's)	2015 Budget (\$000's)	2014 Actual (\$000's)
Non-Exchange			
TCC Operational Grant	2,368	2,542	2,672
TCC Debt Serving Grant	1,451	-	3,766
Indoor Facilities	1,156	1,022	1,273
Aquatics	2,505	2,327	2,359
Childcare	247	218	238
Memberships	250	199	230
Sundry	120	46	20
Total Non Exchange	8,097	6,354	10,558
Exchange			
Memberships	1,280	1,376	1,124
Events and Catering	5,449	4,868	3,983
Other User Fees and Charges	2,244	2,553	2,372
Total Exchange	8,973	8,797	7,479
Total Exchange and Non-Exchange	17,070	15,151	18,037

Note 3: OTHER REVENUE

	2015 Actual (\$000's)	2015 Budget (\$000's)	2014 Actual (\$000's)
Rental	8	-	27
Dividends	38	16	20
Staff Hire & Recoveries	-	-	63
Interest Received	1	-	2
Sponsorship	27	110	48
Sundry Events	-	-	20
Total Other Revenue	74	126	180

Note 4: EMPLOYEE EXPENSES

	2015 Actual (\$000's)	2015 Budget (\$000's)	2014 Actual (\$000's)
Salaries and Wages	6,833	6,703	6,962
Defined Contribution Plan Employer Contributions (KiwiSaver)	177	178	134
Other Personnel Expense	229	227	251
Total Employee Expenses	7,239	7,108	7,347

Note 5: CONSULTING & GOVERNANCE EXPENSES

	2015 Actual (\$000's)	2015 Budget (\$000's)	2014 Actual (\$000's)
Audit Fees	54	90	65
Consulting	214	145	155
Director Fees	245	230	256
TCC Shared Services	22	-	-
Tax Advisory	36	32	-
Total Consulting & Governance Expenses	571	497	476

Note 6: OPERATING EXPENSES

	2015 Actual (\$000's)	2015 Budget (\$000's)	2014 Actual (\$000's)
Marketing	496	446	529
Cost of Goods Sold	1,439	1,228	1,196
Catering Staffing	1,081	844	1,042
Electricity	742	835	853
Insurance	274	274	313
Depreciation reserve repaid	1,029	-	-
Loss on Disposal	14	-	-
Other	1,850	1,731	1,513
Total Operating Expenses (incl. COGS)	6,925	5,358	5,446

Note 7: DEPRECIATION & AMORTISATION EXPENSE

	2015 Actual (\$000's)	2015 Budget (\$000's)	2014 Actual (\$000's)
Building & Improvement	2,996	-	3,322
Office Furniture & Equipment	217	-	130
Plant & Equipment	884	-	640
Motor Vehicles	6	-	19
Intangibles	222	-	280
Total Depreciation & Amortisation Expense	4,325	-	4,391

Note 8: INCOME TAX EXPENSE / (BENEFIT)

	2015 Actual (\$000's)	2014 Actual (\$000's)			
Components of Tax Expense					
a) Operational Surplus / (Deficit) before Taxation	(6,307)	(4,171)			
Prima Facie Taxation at 28% (2014: 28%)	(1,766)	(1,168)			
Non-deductible Expenditure	1,070	1,447			
Non Taxable Income	(1,080)	(1,441)			
Deferred Tax Adjustment	90	497			
Loss Forfeited on Amalgamation	-	-			
Taxation Expense/(Benefit)	(1,686)	(665)			
Components of Tax Expense					
Current Taxation	-	-			
Deferred Taxation Expense/(Benefit)	(1,686)	(665)			
Taxation Expense/(Benefit)	(1,686)	(665)			
b) Imputation Account					
Imputation credits available for use in subsequent periods	3,062	3,062			
c) Deferred Tax Asset (Liability)					
	Property, plant and equipment	Employee Entitlement	Other Provisions	Tax losses	Total
Balance at 1 June 2014	(11,155)	79	-	2,010	(9,065)
Charged to Surplus or Deficit	35	21	-	608	665
Balance at 30 June 2014	(11,119)	100	-	2,618	(8,400)
Charged to Surplus or Deficit	156	4	21	1,506	1,686
Charged to other comprehensive income & expense	(3,148)	-	-	-	(3,148)
Balance at 30 June 2015	(14,111)	104	21	4,124	(9,862)

Note 9: CASH AND CASH EQUIVALENTS

	2015 Actual (\$000's)	2014 Actual (\$000's)
Cash	104	511
Till Floats	-	4
Total Cash & Cash Equivalents	104	515

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

Note 10: INVENTORIES

	2015 Actual (\$000's)	2014 Actual (\$000's)
Held for Distribution Inventories		
Chemicals at Cost	9	10
Held for Commercial Inventories		
Merchandise at Cost	165	58
Food & Beverages	149	163
Total Inventories	323	231

There is no write down of inventory during the year.

Note 11: DEBTORS AND OTHER RECEIVABLES

	2015 Actual (\$000's)	2014 Actual (\$000's)
Trade Debtors	886	514
Tauranga City Council	-	186
Accruals	58	71
Prepayments	96	10
Others	-	4
Total Debtors & Other Receivables	1,040	785
Receivables from Non Exchange Transactions	222	165
Receivables from Exchange Transactions	818	620
Total Debtors & Other Receivables	1,040	785

The aging profile of receivables at year end is detailed below:

	2015 Gross (\$000's)	2015 Impairment (\$000's)	2015 Net (\$000's)	2014 Gross (\$000's)	2014 Impairment (\$000's)	2014 Net (\$000's)
Trade & Related Parties Debtors						
Not Past Due	678	-	678	439	-	439
Aged Receivables: 31-60 days	79	-	79	45	-	45
Aged Receivables: 61-90 days	9	-	9	22	-	22
Aged Receivables: Greater than 90 days	120	-	120	8	-	8
Total	886	0	886	514	0	514

Fair Value

Debtors and Other receivables are non interest bearing and receipt is normally 30 day term. Therefore, the carrying amount of debtors and other receivables approximates to their fair value.

Impairment

There was no impairment provided for at 30 June 2015.

Note 12: INTANGIBLE ASSETS

	Goodwill	Computer Software	Total Intangible Assets
	Actual	Budget	Actual
	(\$000's)	(\$000's)	(\$000's)
Cost			
Balance at 1 July 2014	566	550	1,116
Additions	-	99	99
Disposals	-	(20)	(20)
Reclassify	-	295	295
Balance at 30 June 2015	566	924	1,490
Balance at 1 July 2013	566	485	1,051
Additions	-	65	65
Disposals	-	-	-
Balance at 30 June 2014	566	550	1,116
Accumulated Amortisation			
Balance at 1 July 2014	450	199	649
Amortisation Charge	116	106	222
Balance at 30 June 2015	566	305	871
Balance at 1 July 2013	305	64	369
Amortisation Charge	145	135	280
Balance at 30 June 2014	450	199	649
Carrying Amounts			
Balance at 1 July 2013	261	421	682
Balance at 30 June and 1 July 2014	116	351	467
Balance at 30 June 2015	0	619	619

There are no restrictions over the title of intangible assets. No intangible assets are pledged as security for liabilities. Redundant software have been written off during the year.

Bay Venues as at 30 June 2015	2014 Cost/ Valuation (\$000's)	2014 Acc Deprn (\$000's)	2014 Opening Book Value (\$000's)	2015 Asset Additions (\$000's)	2015 Assets Disposed (\$000's)	2015 Revalua- tion (\$000's)	2015 Current Deprn (\$000's)	2015 Reclassi- fied (\$000's)	2015 Cost Reval (\$000's)	2015 Accum Deprn (\$000's)	2015 Closing Book Value (\$000's)
At Cost											
Buildings & Improvements	90,201	(8,187)	82,014	9,565	-	9,236	2,996	(1,790)	99,025	(2,996)	96,029
Office Equipment, Furniture & Computer Equipment	1,418	(602)	816	162	-	-	217	57	1,637	(819)	818
Plant and Equipment	6,996	(1,549)	5,447	2,876	-	2,006	884	1,456	11,785	(884)	10,901
Vehicles	168	(118)	50	49	(33)	-	6	(18)	166	(124)	42
Intangible	1,116	(649)	467	99	(20)	-	222	295	1,490	(871)	619
Sub Total	99,899	(11,105)	88,794	12,751	(53)	11,242	4,325	0	114,103	(5,694)	108,409
Work In Progress	176	-	176	2,717	(1,686)	-	-	-	1,207	-	1,207
Total	100,075	(11,105)	88,970	15,468	(1,739)	11,242	4,325	0	115,310	(5,694)	109,616

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

Bay Venues as at 30 June 2014	2013 Cost/ Valuation (\$000's)	2013 Acc Deprn (\$000's)	2013 Opening Book Value (\$000's)	2014 Asset Additions (\$000's)	2014 Assets Disposed (\$000's)	2014 Revalua- tion (\$000's)	2014 Current Deprn (\$000's)	2014 Cost Reval (\$000's)	2014 Accum Deprn (\$000's)	2014 Closing Book Value (\$000's)
At Cost										
Buildings & Improvements	89,960	(4,862)	85,095	241	-	-	(3,325)	90,201	(8,187)	82,014
Office Equipment, Furniture & Computer Equipment	1,052	(469)	583	366	-	-	(130)	1,418	(602)	816
Plant and Equipment	5,640	(909)	4,731	1,356	-	-	(640)	6,996	(1,549)	5,447
Vehicles	165	(100)	66	3	-	-	(19)	168	(118)	50
Intangible	1,051	(368)	683	65	-	-	(280)	1,116	(649)	467
Sub Total	97,868	(6,711)	91,159	2,031	0	0	(4,394)	99,884	(11,105)	88,794
Work In Progress	701	-	701	985	(1,510)	-	-	176	-	176
Total	98,569	(6,711)	91,860	3,016	(1,510)	0	(4,394)	100,075	(11,105)	88,970

Valuation

Buildings

Specialised buildings are valued at fair value using Depreciated Replacement Cost (DRC) because no reliable market data is available for such buildings.

Depreciated replacement cost is determined using a number of significant assumptions. Significant assumptions include:

- The replacement asset is based on the replacement with modern equivalent assets with adjustments where appropriate for obsolescence due to over design or surplus capacity.
- The replacement cost is derived from recent construction contracts of similar assets and Property Institute of New Zealand cost information.
- The remaining useful life of assets is estimated.
- Straight line depreciation has been applied in determining the depreciated replacement cost value of the asset.

Non specialised buildings (for example, residential buildings) are valued at fair value using market based evidence. Market rents and capitalisation rates were applied to reflect market value.

Restrictions

Bay Venues does not own any of the land that Building and Improvements are located. All land is owned by Tauranga City Council, with some of this land being reserve land. As such there are restrictions on both use and disposal of these Buildings and Improvements.

Plant

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

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

The age of each asset has been established utilising:

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

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

Work in progress

The total amount of property, plant, and equipment in the course of construction is \$1,206,625 (2014 \$1,389,943).

Note 14: EMPLOYEE ENTITLEMENTS

	2015 Actual (\$000's)	2014 Actual (\$000's)
Accrued Pay	164	190
Annual Leave	370	352
ACC Employer Contribution	72	45
Payroll Taxes	68	37
Total Employee Entitlements	674	624

Note 15: TRADE CREDITORS AND OTHER PAYABLES

	2015 Actual (\$000's)	2014 Actual (\$000's)
Income in Advance	801	1,012
Trade Creditors & Other Payables	391	327
Accrued Expenditure	1,428	1,208
GST Payable/(Receivable)	(394)	104
Deposits & Bonds	14	-
Total Trade Creditors & Other Payables	2,240	2,651

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

Payables from Non Exchange Transactions	1,195	1,639
Payables from Exchange Transactions	1,045	1,012
Total Trade Creditors & Other Payables	2,240	2,651

Note 16: BORROWINGS

	2015 Actual (\$000's)	2014 Actual (\$000's)
Current Borrowings		
Loan from Tauranga City Council	-	9,344
Non-current Borrowings		
Loan from Tauranga City Council	7,516	31,396
Total Borrowings	7,516	40,740

Security: The loan from TCC is unsecured.

Note 17: SHARE CAPITAL

	2015 Actual (\$000's)	2014 Actual (\$000's)
Fully Paid Ordinary Shares		
Balance at Beginning of Financial Year	36,861	33,861
Capital Introduced – Equity Injection	49,232	3,000
Total Closing Share Capital	86,093	36,861

- i) Fully paid ordinary shares carry one vote per share and carry the right to dividends.
- ii) No ready market for these shares so recognised at cost.
- iii) 18,000,000 ordinary shares at \$1 per share are fully paid out and carry the right to dividends per share.
- iv) Bay Venues also holds \$18,000,000 uncalled shares of \$1 per share.
- v) 49,231,900 ordinary shares at \$1 per share are fully paid out and carry the right to dividends per share.

Note 18: RETAINED EARNINGS

	2015 Actual (\$000's)	2014 Actual (\$000's)
Retained Earnings Opening Balance	(11,578)	(8,072)
Surplus /(Deficit) after Tax	(4,621)	(3,506)
Transfer to ASB Reserve	(381)	-
Total Retained Earnings	(16,580)	(11,578)

Note 19: REVALUATION RESERVE

	2015 Actual (\$000's)	2014 Actual (\$000's)
Revaluation Reserve Opening Balance	12,743	12,743
Net revaluation gains	8,094	-
Total Revaluation Reserve	20,837	12,743

Note 20: OTHER RESERVES

	2015 Actual (\$000's)	2014 Actual (\$000's)
Schools in Pools	60	60
ASB Naming Rights	381	-
Total Other Reserves	441	60

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

Note 21: CONTINGENCIES

Bay Venues has no contingent liabilities at 30 June 2015 (2014: nil).

Bay Venues has no contingent assets at 30 June 2015 (2014: nil).

Note 22: RECONCILIATION OF NET SURPLUS WITH NET CASHFLOWS FROM OPERATIONS

	2015 Actual (\$000's)	2014 Actual (\$000's)
Net Surplus / (Deficit) from Statement of Comprehensive Income	3,473	(3,506)
Add/(Deduct) Non Cash Items		
Depreciation/Amortisation & Loss on Disposal & Revaluation gain	(6,917)	4,390
Add/(Deduct) Movements in Working Capital		
Movement in Trade and Other Receivables	(255)	(290)
Movement in Inventories	(92)	29
Movement in Employee Entitlements	50	84
Movement in Trade and Other Payables	(891)	642
Movement in GST Payable	480	104
Movement in Deferred Tax Asset	1,462	(665)
Net Cash from Operating Activities	(2,690)	788

Note 23: CAPITAL COMMITMENTS AND OPERATING LEASES

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

	2015 Actual (\$000's)	2014 Actual (\$000's)
Datacom	-	40
Metro Marketing	56	-
Time Target	37	-
Baytex Manufacturing	30	-
ASB Foreign Exchange Contract	54	-
Total Capital Commitments	177	40
Operating Leases as Lessor		
Not later than one year	69	15
Total	69	15

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

	2015 Actual (\$000's)	2014 Actual (\$000's)
Operating Leases		
Not later than one year	358	328
Later than one year and not later than five years	329	332
Later than five years	-	8
Total Operating Leases	687	668

Note 24: RELATED PARTY TRANSACTIONS

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and condition no more or less favourable than those that it is reasonable to expect the Company would have adopted in dealing with the party at arm's length in the same circumstances.

Related party disclosures have also not been made for transactions with Council (such as funding), where the transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such transactions.

	2015 Actual (\$000's)	2014 Actual (\$000's)
Transactions with Key Management Personnel		
Salaries and other Short Term Employee Benefits	756	565
Directors Fees and travel	237	243
Post Employment Benefits	-	-
Other Long Term Benefits	-	-
Termination Benefits	-	-
Share-based Payment	-	-
Total key management personnel remuneration	993	808
Total full-time equivalent personnel	5	4

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

Note 25: SIGNIFICANT TRANSACTIONS WITH PARENT

	2015 Actual (\$000's)	2014 Actual (\$000's)
Tauranga City Council		
Grants Received (including Accruals)	(3,819)	(6,253)
Loans Received	-	(5,626)
Interest Paid	2,522	2,433
Assets Purchased	11,051	-
To TCC in the normal course of business	3,380	541
From TCC in the normal course of business	351	470
Loans Repaid	33,225	9,998
Equity Injection	49,232	3,000

Note 26: EXPLANATIONS OF MAJOR VARIANCES AGAINST BUDGET

Explanations for major variations from the Company's budget figures in the 2014-15 Financial Statements are as follows:

Statement of Comprehensive Revenue and Expense

User revenue is greater than budget by \$694,000 due to Bay Catering revenue being \$383,500 greater than budget, Aquatics being \$156,000 greater than budget and OSCAR programmes being \$121,600 greater than budget.

The TCC Debt servicing funding was \$1.4m against zero budget. All debt servicing costs relate to TCC debt and did not form part of the original EBITDA budgets.

Other operating expenditure is \$1.5 million greater than budget. This includes cost of goods sold of \$211,000 and catering operating wages of \$236,700 greater than budget, both relating to the increase in revenue to budget within Bay Catering activity. The Bay Catering staff are not employed by Bay Venues and are therefore not included in Employee expenses. The repayment to TCC of the depreciation reserve funding, transferred to Bay Venues in 2012-13, of \$1.02 million is also included in operating expenses.

Finance costs of \$2.5m reflect the debt servicing paid to TCC on loan balances as agreed with TCC.

Note 27: FINANCIAL INSTRUMENTS

Bay Venues complies with Tauranga City Councils policies to manage the risks associated with financial instruments. Bay Venues is risk averse and seeks to minimize exposure from its financial instruments. Bay Venues complies with Tauranga City Council's established Council approved Liability Management and Investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

Market Risk

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Bay Venues does not borrow externally. All borrowings are from Tauranga City Council. The interest rates are fixed annually on 1 July each year.

Cash flow interest rate risk

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

Currency risk

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

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

It is Bay Venue's policy to manage foreign currency risks arising from contractual commitments and liabilities that are above \$20,000 by entering into forward foreign

exchange contracts to manage the foreign currency risk. This means that Bay Venues is able to fix the New Zealand dollar amount payable for the delivery of these events.

Credit Risk

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

The carrying of financial instruments in the Statement of Financial Position reflects their credit risk exposure. The exposures are net of any recognised provisions for losses on these financial instruments. No collateral is held.

Bay Venues complies with Council's Treasury Policy which permits a minimum credit rating of A for registered banks and other organisations. At 30 June 2013 all financial instruments were held with the New Zealand registered trading banks which are rated AA-

Liquidity Risk

Liquidity risk is the risk that Bay Venues will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities, in Bay Venues case, via funding through Tauranga City Council. Bay Venues mostly manages liquidity risk by continuously monitoring forecast and actual cashflow requirements.

	2015 Actual (\$000's)	2014 Actual (\$000's)
Financial Assets		
Cash & Equivalents	104	515
Debtors & Other Receivables	1,040	785
Total Financial Assets	1,144	1,300
Financial Liabilities		
Creditors and Other Payables	2,249	3,275
TCC Loan (Current)	-	9,344
TCC Loan	7,516	31,396
Total Financial Liabilities	9,765	44,015

Note 28: EMPLOYEES REMUNERATION EXCEEDING \$100,000

	2015 Actual \$	2014 Actual \$
\$100,000 – \$120,000	2	3
\$120,001 – \$140,000	-	-
\$140,001 – \$160,000	1	-
\$160,001 – \$180,000	1	3
\$180,001 – \$200,000	1	-
\$220,000 – \$240,000	1	-
Total Number of Employees	6	6

Remuneration includes paid and payable at 30 June 2015.

Note 29: EVENTS AFTER BALANCE DATE

There were no significant events after balance date.

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.

	2015 Actual \$	2014 Actual \$
Chief Executive Remuneration		
Total Remuneration paid or payable		
\$170,000 – \$180,000	-	1
\$220,000 – \$240,000	1	-

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

Director	Appointed Date	Resigned Date	2015		2014	
			Director Fees \$	Travel and Accommodation \$	Director Fees \$	Travel and Accommodation \$
Peter Farmer (Chair)	1/04/2013	Still a Director	55,000	-	55,000	-
Keith Tempest	1/04/2013	Still a Director	30,000	-	30,000	-
Shirley Baker	1/05/2010	Still a Director	30,000	-	30,000	-
Murray Gutry	1/04/2013	Still a Director	30,000	1,952	30,000	1,140
John Loughlin	1/04/2013	Still a Director	30,000	3,322	30,000	6,668
Graeme Elvin	1/05/2010	Still a Director	30,000	-	30,000	-
Dean Waddell	8/07/2013	Still a Director	30,000	-	30,000	-

There were no Director Remuneration benefits paid in excess of \$100,000.
There were no donations made by the company during the period.

STATEMENT OF INTENT PERFORMANCE 2014/15

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 2015.

Principal Objectives

As required by Section 59 of the Local Government Act 2002, the principal objectives of Bay Venues are:

Objective	Performance Target	Achievement
<p>Customer Development</p> <p><i>Delivering outstanding value to our customers.</i></p> <p>Performance Measure: Customer Loyalty</p> <p>By 2017 we will have:</p> <ul style="list-style-type: none"> • Provided fit for purpose, safe facilities that support the programmes and services we run within them. • Designed and delivered programmes, services and experiences that exceed our customers' needs and wants. • Implemented solutions and processes that make it easy for customers to engage with us. 	Investing in qualitative and quantitative market research to identify who our customers are, and will be in the future, and what value they require from us.	<p>Achieved</p> <p>Delve Research has conducted extensive market research to provide us with customer insights for the following areas: BaySwim & Baywave, Clubfit, Events, OSCAR and Mount Hot Pools.</p>
	Developing and implementing a 'Voice of the Customer' architecture that incorporates a comprehensive range of customer feedback methodologies.	<p>Achieved</p> <p>For 2014/15 customer surveys undertaken by Delve Research. As well as forums held with regular users of the Mount Hot Pools and Aqua Aerobics participants to seek feedback.</p>
	Identifying and investing in systems and processes that accurately measure and report on customer activity.	<p>Achieved</p> <p>LINKs PoS software is in place to record and measure casual and membership usage of all Aquatic facilities, BaySwim, Clubfit, dry facilities bookings. The balance of facilities and programmes will move onto LINKs in 2015/16. Events usage is captured in the Ungerboeck Event System.</p>
	Creating a dedicated and skilled 'Programme' and 'Venues' capability in the organisation to identify, design, and deliver programmes and services that customer's value.	<p>Achieved</p> <p>Venues & Programmes department was re-structured at the beginning of the 2014/15 year with a department overseeing all Programmes across the network, to enable the Venues team to focus on day to day operations and customer service.</p>
	Working in partnership with organisations to deliver programmes and services.	<p>Achieved</p> <p>Partnerships this year include: Sport BOP in the reciprocal delivery of community programmes and events; Water Safety in the delivery of the Schools in Pools programme; Tauranga City Basketball and Netball 360 in the delivery of holiday sports clinics; rest homes and hauroa in the delivery of golden Olympic event, local primary, intermediate and secondary schools in the delivery of school sport and recreational activities e.g. Funky Fundays, Oddball programme; Cobb & Co and More FM in the delivery of Memorial Pool Summer Parties; and PORSE in the delivery of Preschool Tumble Time.</p>
	Identifying, and investing in technologies that improve the customer engagement process (communication, booking, payments).	<p>Achieved</p> <ul style="list-style-type: none"> • TRP members retention system installed for Clubfit to ensure customers have better ongoing contact with staff. Project commenced April 2014 and implementation in progress. • Comprehensive assessment of Vectorworks Software in the Events area completed. This software is designed to enhance event space bookings and service to clients in event planning. Installation to begin July 2015. • LINKs Software direct marketing and communication tool called E-blast in place 14/15. Development of E –blast and LINKs on line services underway in 2015/16
	Designing and implementing a brand architecture that is customer focused.	<p>Achieved</p> <p>Branding collateral developed in 2014/15 with all significant facilities and or programmes branded to create customer recognition.</p>
	Maintaining high quality safety systems, practices and culture.	<p>Achieved</p> <ul style="list-style-type: none"> • ACC WSMP Primary Level achieved • Bay Venues continue to have a dedicated H&S Officer to develop and improve systems and processes and ensure education of all staff • The Bay Venues Board have a dedicated H&S Committee

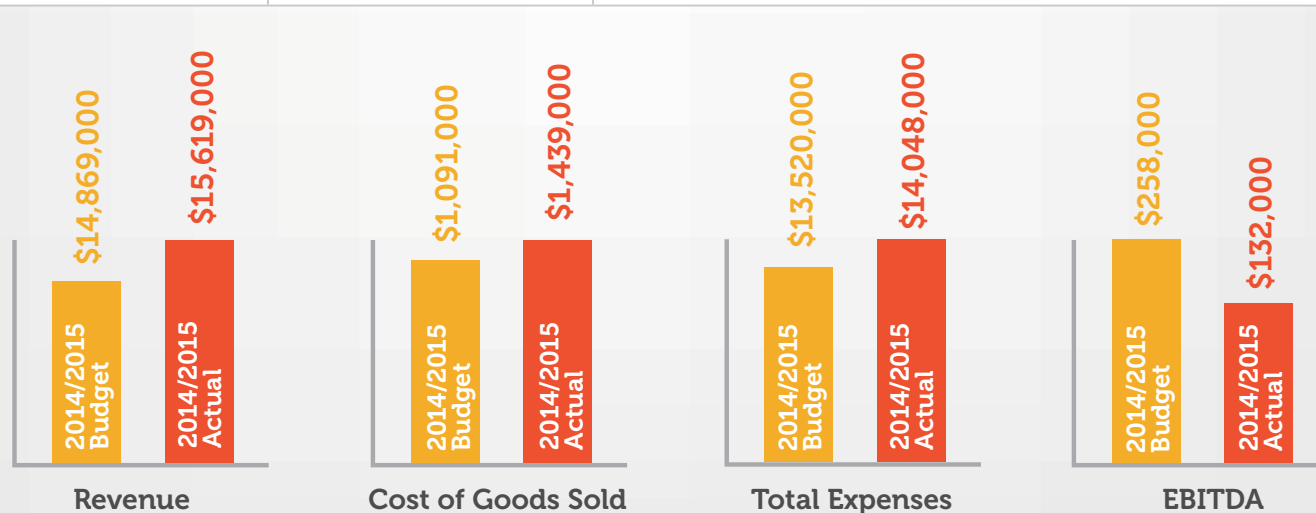
Objective	Performance Target	Achievement
<p>People</p> <p><i>Empowering people who are high quality and customer focused.</i></p> <p>Performance Measure: Employee Engagement</p> <p>By 2017 we will have:</p> <ul style="list-style-type: none"> • An organisational structure and workforce scale and capability that is integrated with the purpose of the business. • Leadership and management systems that ensure individual performance is aligned with the objectives of the organisation. • A culture founded on teamwork, delivering exceptional value to our customers, and opportunities for self development. 	<p>Implementing a Leadership Practices Programme.</p>	<p>Part Achieved Internal Leadership Development programme developed in 2014/15 with implementation in 2015/16.</p>
	<p>Implementing a 'Voice of the Employee' methodology to review staff engagement including regular staff surveys, meetings, use of digital technologies.</p>	<p>Achieved</p> <ul style="list-style-type: none"> • Regular staff forums held in 2014/15 • Staff newsletter developed and produced each month • Staff engagement survey developed and to be undertaken in August 2015 • Staff Intranet developed and has gone live in July 2015
	<p>Implementing a strategic workforce planning methodology.</p> <ul style="list-style-type: none"> • Create a current workforce profile (number, turnover, location, demographic, job level, qualifications). • Create a projected workforce profile based on trends and assumptions. • Design and implement an integrated workforce plan (recruitment, training, retention, reassignment, remuneration) required to fill the 'gaps' identified between current workforce profile and the projected workforce profile. • Implementing a Performance Management System where managers are accountable for managing performance. 	<p>Part Achieved</p> <ul style="list-style-type: none"> • Following the merger the key focus for Bay Venues was to migrate the two payroll systems onto one and streamline the HR processes, including an improved recruitment, induction and training system. • A new Payroll system was implemented in November 2014 to better capture and manage the combined payroll function. • As such Workforce planning was delayed until full completion of the merger and implementation of corporate HR systems. • The Performance Management system was developed using a coordinated approach with SLT, HR and a staff working party.
	<p>Identifying development, training and learning requirements from Customer feedback, Workforce Planning, and Performance Management Systems, and invest in programmes that meet the identified needs.</p>	<p>Part Achieved The Performance Management System was developed in June 2015 to go live August 2015. This will provide the link between the Strategic Plan, Business Plans and individual KPIs, as well as training and development needs.</p>
	<p>Ensuring we have a remuneration and benefit architecture that is competitive and fair.</p>	<p>Achieved A remuneration system, developed in conjunction with Strategic Pay has been put in place.</p>
	<p>Ensuring compliance with all staff Health and Safety Policies and Procedures.</p>	<p>Achieved</p> <ul style="list-style-type: none"> • ACC WSMP Primary level has been achieved. • A dedicated H&S Officer is employed to ensure delivery of H&S within BVL.

Objective	Performance Target	Achievement
<p>People Continued</p> <p>Performance Measure: Risk Management</p> <p>By 2017 we will:</p> <ul style="list-style-type: none"> • Be cognisant of all risk with a particular emphasis on Health and Safety. • Have particular emphasis on staff training, the safety of our customers, staff and sub-contractors. • Monitor and evaluate our health and safety systems and processes. 	Appoint a dedicated Health and Safety Resource	<p>Achieved</p> <p>A full time BVL Health & Safety Advisor in place</p>
	Utilise the Vault Health and Safety Management System	<p>Achieved</p> <p>Vault Health & Safety Management System is used exclusively for the reporting and management of Health & Safety incidents</p>
	Put into place the appropriate health and safety oversight mechanisms both at the Board and management levels	<p>Achieved</p> <ul style="list-style-type: none"> • Health & Safety Advisor in place • Health & Safety staff committee in place • Health & Safety Board committee in place • Health & Safety documentation in place

Objective	Performance Target	Achievement
<p>Business Development</p> <p><i>Aggressively growing our commercial revenue.</i></p> <p>Performance Measure: Profit driven by Business Development unit</p> <p>By 2017 we will have:</p> <ul style="list-style-type: none"> • Grown 'Commercial' Revenue by 30%. • All Business Units meeting their Annual Profit targets (refer finance section below). • 18 'Major Events' each year using our facilities at acceptable financial returns to us that provides acceptable financial returns to BVL and economic value to Tauranga. 	Carrying out extensive customer and other market research to identify and anticipate future customer needs.	<p>Achieved</p> <ul style="list-style-type: none"> • Delve Research findings has enabled us to identify and respond to what our customers value e.g. Baywave requires more fun activities and better spectator seating – this has been included into 2015/16 capital to address; Learn to Swim highlighted the need to provide consistency in delivery and progress children quicker through levels – BVL partnered with industry leaders, Northern Arena to improve programme. • Delve Research results have assisted all business units within the CBD refine customer focused delivery for all stages of transactional interaction.
	Developing and continually broadening our customer database by obtaining new information about current customer behaviour.	<p>Achieved</p> <p>Delve Research and internal Business Development surveys continue to provide feedback on customer behaviour, usage and requirements.</p>
	Introducing existing products and services into new markets.	<p>Achieved</p> <ul style="list-style-type: none"> • OSCAR programme expanded to service Welcome Bay area and Mount Maunganui. • Tumble Time at ASB Arena expanded from one day a week to two days a week to adequately service demand and the request from PORSE. • Tumble Time expanded to Papamoa Community Centre • Bay Catering extended to servicing external events e.g. Cricket Internationals. • Bay Audio Visual provides production service into new events in wider region eg. ANZAC day event, Splore festival. • Clubfit team providing exercise programmes at external venues e.g. retirement villages.

Objective	Performance Target	Achievement
Business Development Continued	Creating new products and services and introducing them into existing and new markets.	<p>Achieved</p> <ul style="list-style-type: none"> • Baywave Friday Fun nights have attracted 80-100 more users during what was typically an off-peak time • Memorial Pool Parties in partnership with Cobb & Co and More FM held four times during the summer months attracting large attendances • Soak n Splash is a new initiative at the Mount Hot Pools to encourage Mums and Pre-schoolers to attend on Thursday mornings (an off-peak time) • Greerton Aquatics hosted a water safety programme during the school holidays • Bay Audio Visual team developing expertise at external installation and servicing work eg Legacy Funerals • Clubfit currently taking Wellness Programme to corporate sector
	Responding quickly and innovatively to new opportunities.	<p>Achieved</p> <ul style="list-style-type: none"> • Waka Maori feasibility study completed • High Performance Sports Training Centre • Provide Grab One deals (2 for 1 entry) during quiet periods to bolster visits at Mount Hot Pools and Baywave • Partnership with Northern Arena to improve performance of BaySwim • Clubfit corporate Wellness Programme taking advantage of latest trends in commercial sector • Bay Catering package developed for outdoor events eg. On the Lawn and ability to respond to catering opportunities eg. Mount Ocean Sports Club contract
	Developing and implementing sales and marketing plans to drive increased business.	<p>Achieved</p> <p>Corporate marketing plan developed to ensure business growth.</p>
	Developing and managing discrete business units that each have their own strategy, business plan and financial performance targets.	<p>Achieved</p> <p>All business units have a Business Plan, incorporating KPI's for financial and non financial targets.</p>
	Developing strong business alliances and partnerships that help attract and retain 'Major Events' across all facilities.	<p>Achieved</p> <ul style="list-style-type: none"> • Relationships developed with range of Promoters of concerts, exhibition and gala style events resulting in increased event numbers at the facilities • Retention of major summer events programme including the "Speed Season" in January with events such as Jetsprints, Drifting and Speedway
	Build an event support capability that ensures our customer events are delivered to a high standard.	<p>Achieved</p> <p>Experienced and increasingly capable Event Operations Team delivers 200 plus events per annum achieving high levels of customer satisfaction.</p>
	Ensuring we have strong entrepreneurial / business development leadership capability and experience.	<p>Achieved</p> <p>Entrepreneurial approach of Senior Leadership Team has attracted new events and enhanced business opportunities e.g. Growth of NZME events at ASB Baypark.</p>
	Ensuring we achieve an appropriate balance between community and commercially focused events.	<p>Achieved</p> <ul style="list-style-type: none"> • Service Level Agreement with TCC performance targets track community and commercial events to ensure a balance is achieved • Indoor recreation booking prioritisation policy adhered to when a request for double booking occurs • Venues & Programmes and Commercial Senior Managers in regular dialogue to address any potential clashes with the objective of meeting all parties demand for space

Objective	Performance Target	Achievement
<p>Organisational Performance</p> <p><i>Optimising organisational performance and efficiency.</i></p> <p>Performance Measure: Meet/ Exceed SOI Performance Targets</p> <p>By 2017 we will have:</p> <ul style="list-style-type: none"> Annually met the Business Performance Targets set out in the Statement of Intent (SOI). Annually met the obligations set out in the Service Level Agreement (SLA) with TCC. Successfully managed risk with particular emphasis on Health and Safety, and adherence to environmentally sustainable business practices. 	Introducing disciplines that are focused on delivering maximum effectiveness, efficiency and cost reduction in service delivery.	<p>Achieved</p> <ul style="list-style-type: none"> New electricity supply contract entered into aligning all supply charges across the business Monitoring of electricity consumption across high use aquatics sites on a daily basis resulting in a 6.1% reduction in kWh usage from the prior year Chemical savings achieved through making our own chlorine Replacement lights fitted with LED bulbs wherever possible
	Implementing systems that accurately and, in a timely manner, measure and report on all operational aspects of the business.	<p>Achieved</p> <ul style="list-style-type: none"> Venues & Programmes Management Team meet on a fortnightly basis and individually on the alternative week to ensure information flow is smooth Monthly written and statistical reports furnished by business unit managers Monthly financial reports provided to managers on fifth working day Dashboard of Operations KPI's developed for review by Senior Leadership team. Reported monthly to the Board
	Creating a specialised focused 'Business Services Group' that provides for effective, professional support services (Finance, HR, IT, Compliance).	<p>Achieved</p> <ul style="list-style-type: none"> The Business Performance Team comprising of Human Resources & Payroll, Health & Safety, Information Technology and Finance in place Operations Manager role with responsibilities for compliance with asset management and environmental matters
	Ensuring resources are provided within the Business Support Group to ensure total compliance with all Health and Safety, environmental policies and procedures.	<p>Achieved</p> <ul style="list-style-type: none"> The Business Performance Team are fully resourced to provide IT, HR, H&S and Financial business support and specialised advise The Operations Manager role dedicated to ensuring compliance with environmental, asset management and resource consent matters
	Ensuring resources are provided to ensure total compliance with all public law responsibilities.	<p>Achieved</p> <ul style="list-style-type: none"> Building WOF inspections conducted Fire Engineer review undertaken at the ASB Arena to ensure building consent was updated
	Implementing Management Information Systems to support business decision making.	<p>Achieved</p> <ul style="list-style-type: none"> LINKS Point of Sale/booking system implemented Ozone Financial System Intranet developed and live July 2015 KPI Dashboard developed with a move to a digital Dashboard in August 2015 Ungerboeck System for Event management



Objective	Performance Target	Achievement
Quality Assets <i>Providing and managing quality assets.</i> Performance Measure: Benchmarking against similar facilities By 2017 we will have: <ul style="list-style-type: none"> Effectively and efficiently managed the assets within our control. Provided timely forecasting of short and long term renewals. Developed a comprehensive, long term facility strategy that identifies. Facilities to keep Facilities to keep and develop Facilities to divest New facilities to be created 	Creating a dedicated asset management function.	Part Achieved Asset management has been the role of the Operations Manager, who has been in regular communication with TCC to progress the implementation of an effective Asset Management System.
	Utilising asset planning and management technologies.	Part Achieved A delay in the implementation of the Accela System for Bay Venues assets has resulted in the use of manual systems in the interim.
	Implementing an objective evidence-based asset performance assessment methodology.	Not Achieved An Asset Management System proposal is currently being finalised between TCC and Bay Venues with the project expected to commence in September 2015.
	Benchmarking facility performance against similar facilities.	Not Achieved Sport NZ is currently developing a more user-friendly benchmark tool which should be available soon. Bay Venues has opted to utilise this tool once it becomes available.
	Establishing methodologies and measures that support informed facility strategy formulation.	Achieved <ul style="list-style-type: none"> Bay Venues are participating in the Regional Facility Inventory Review Asset performance methodology developed as part of the digital Dashboard

Objective	Performance Target	Achievement																								
Financial Performance Performance Measure: to achieve the budget set out	<table border="1"> <thead> <tr> <th></th> <th>Total Budget (\$,000's)</th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td>\$14,869</td> </tr> <tr> <td>Cost of Goods Sold</td> <td>\$1,091</td> </tr> <tr> <td>Gross Profit</td> <td>\$13,778</td> </tr> <tr> <td>Total Expenses</td> <td>\$13,520</td> </tr> <tr> <td>EBITDA Surplus/(Deficit)</td> <td>\$258</td> </tr> </tbody> </table>		Total Budget (\$,000's)	Revenue	\$14,869	Cost of Goods Sold	\$1,091	Gross Profit	\$13,778	Total Expenses	\$13,520	EBITDA Surplus/(Deficit)	\$258	<table border="1"> <thead> <tr> <th></th> <th>Total Actual (\$,000's)</th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td>\$15,619</td> </tr> <tr> <td>Cost of Goods Sold</td> <td>\$1,439</td> </tr> <tr> <td>Gross Profit</td> <td>\$14,180</td> </tr> <tr> <td>Total Expenses</td> <td>\$14,048</td> </tr> <tr> <td>EBITDA Surplus/(Deficit)</td> <td>\$132</td> </tr> </tbody> </table>		Total Actual (\$,000's)	Revenue	\$15,619	Cost of Goods Sold	\$1,439	Gross Profit	\$14,180	Total Expenses	\$14,048	EBITDA Surplus/(Deficit)	\$132
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Not Achieved

The adopted budgets allowed for funding from TCC, of \$155,000, for the transfer of the Audio Visual Group from Baycourt.

In 2013/2014 Bay Venues received an operational grant from TCC plus an additional \$155,000 related primarily to the transfer of the Audio Visual Group from Baycourt to Bay Venues.

As part of the 2014/2015 budget process it was agreed between Bay Venues and TCC that the TCC Grant for 2014/2015 would remain the same as for 2013/2014. Within TCC this was taken as the adopted 2013/2014 Budget and with Bay Venues this was interpreted as the grant plus the \$155,000 as per the previous year.

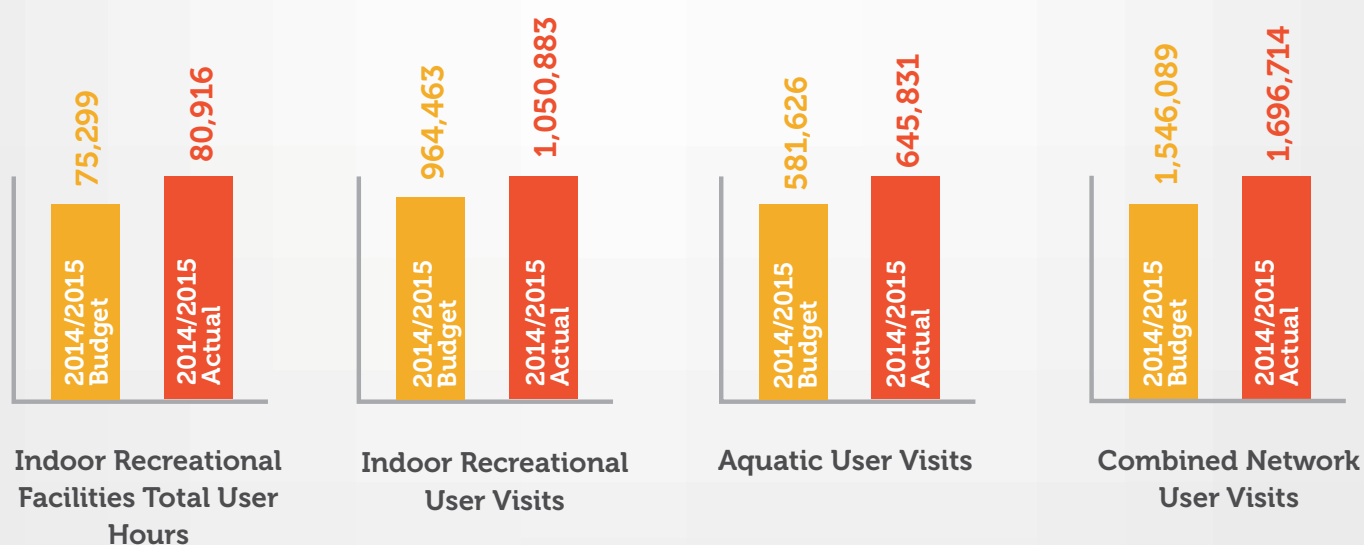
The 2014/2015 budget was adopted before the discrepancy was identified. This effectively meant Bay Venues received \$155,000 less income than budgeted for and should have budgeted for an EBITDA of \$103,000. Rather than change the adopted budget or seek the additional \$155,000 from TCC, it was decided to leave the EBITDA at \$258,000 on the understanding that any result above \$103,000 would be positive.

The 2014/15 SOI budget was also further reviewed by Bay Venues, prior to June, to reflect updated business targets. While the advised EBITDA surplus remained unchanged, both revenue and expenditure increased reflecting post merger structure and initiatives. This updated budget was loaded into the financial operating system and is therefore reported in the Statement of Comprehensive Revenue and Expenses.

Objective	Performance Target	Achievement																				
Utilisation and Occupancy Performance Performance Measure: to achieve the following targets	<table border="1"> <thead> <tr> <th></th> <th>Full Year Target</th> </tr> </thead> <tbody> <tr> <td>Indoor Recreational Facilities Total User Hours</td> <td>75,299</td> </tr> <tr> <td>Indoor Recreational User Visits</td> <td>964,463</td> </tr> <tr> <td>Aquatic User Visits</td> <td>581,626</td> </tr> <tr> <td>Combined Network User Visits</td> <td>1,546,089</td> </tr> </tbody> </table>		Full Year Target	Indoor Recreational Facilities Total User Hours	75,299	Indoor Recreational User Visits	964,463	Aquatic User Visits	581,626	Combined Network User Visits	1,546,089	Achieved <table border="1"> <thead> <tr> <th></th> <th>Full Year Target</th> </tr> </thead> <tbody> <tr> <td>Indoor Recreational Facilities Total User Hours</td> <td>80,916</td> </tr> <tr> <td>Indoor Recreational User Visits</td> <td>1,050,883</td> </tr> <tr> <td>Aquatic User Visits</td> <td>645,831</td> </tr> <tr> <td>Combined Network User Visits</td> <td>1,696,714</td> </tr> </tbody> </table>		Full Year Target	Indoor Recreational Facilities Total User Hours	80,916	Indoor Recreational User Visits	1,050,883	Aquatic User Visits	645,831	Combined Network User Visits	1,696,714
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Objective	Performance Target	Achievement
Organisational Performance <i>Develop a methodology and system for reporting monthly to BVL management, Board and TCC.</i> Performance Measure: <ul style="list-style-type: none"> To have operationally implemented the methodology by 1 October 2014 	<p>This methodology will include indices and ratios which record the performance of BVL in relation to organisational strategy and the annual Business Plan.</p> <p>A performance 'dashboard' will be developed that will ensure the BVL Board and management have informed financial and operational performance oversight and decisions can be made on a knowledgeable basis.</p> <p>This methodology will be developed in consultation with TCC to ensure it meets the needs of TCC reporting requirements.</p> <p>Areas of Indices to be developed are:</p> <ul style="list-style-type: none"> Asset Performance Resource Deployment Effectiveness Asset Sustainability Business/Service Performances 	Achieved <ul style="list-style-type: none"> TCC Monthly and Quarterly Reporting developed in consultation with TCC staff. These reports include operational KPI's and targets Board reporting is undertaken monthly and includes financial reporting, as well as dashboard reports, H&S reporting and analysis on catering ratios Dashboard has been created for operational KPI's. These are reviewed by the Senior Leadership Team and provided to the Board on a monthly basis. Digital dashboard was under development 2014/15 and will go live August 2015 The KPI's developed in consultation with senior TCC staff and include financial, employee, user and asset management KPI's and measures. Further enhancement as improved data is available. The Payroll System provides dashboard data to all Managers on an ongoing basis.
Performance Measure: <ul style="list-style-type: none"> Take a partnership approach with TCC and other CCO's. Ensuring BVL makes a positive contribution to TCC's Vision and Strategic Objectives 	<p>Met requirements set out in the Statement of Shareholder's Expectations</p>	Achieved <ul style="list-style-type: none"> BVL at the request of TCC took a lead in investigating the feasibility of the Waka Maori proposal for The Strand, Tauranga. In partnership with TCC, BVL has led the development of the High Performance Sports Training Centre at Blake Park. BVL contributed significantly to the TCC led ANZAC 100 year commemoration ceremony at the Tauranga Domain. BVL is an active member in the City Partners Programme initiated by TCC.

Objective	Performance Target	Achievement
<p>Asset Management</p> <p><i>BVL will ensure the effective management of assets within its control including the review and reconsideration of existing assets.</i></p> <p>Performance Measure:</p> <p>It will provide timely forecasting for short and long term renewals.</p> <ul style="list-style-type: none"> • forecasting for short and long term renewals. <p>BVL will also develop and review asset management plans for each facility, prepare maintenance and renewal budgets (both annual and 10 year forecasts) and implement the asset management plans.</p>	Number of service disruptions due to operational deficiencies less than 1 hour	Not Achieved Three closures in early 2015 all as a result of staff over-chlorinating pools within a three-week period. Investigation was undertaken to identify causal issue and procedures updated to minimise repeat incidences.
	Asset Management Plan is in place for all facilities in the network in accordance with Ten Year Plan timeframes	Partly Achieved Draft Asset Management Plan completed for Aquatics with ASB Baypark to be finalised by 31 July 2015.
	Ten Year Capital Plan completed in accordance with Ten Year Plan timeframes	Achieved Completed on time.
	80% of capex projects greater than \$50k are on time and within budget, conditional on overall capex is within budget	Achieved 80% of capex greater than \$50k completed on time and within budget with overall capex within budget
	A minimum of 80% of annual capital works programme is delivered on time and on budget	Achieved 83% of annual works delivered on time and on budget.



INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF BAY VENUES'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2015

The Auditor-General is the auditor of Bay Venues (the company). The Auditor-General has appointed me, B H Halford, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of the company on her behalf.

Our audit was completed on 7 September 2015. This is the date at which our opinion is expressed.

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

OPINION ON THE FINANCIAL STATEMENTS AND THE PERFORMANCE INFORMATION

We have audited:

- the financial statements of the company on pages 5 to 31, that comprise the statement of financial position as at 30 June 2015, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the company on pages 32 to 40.

In our opinion:

- the financial statements of the company:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2015; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with Public Benefit Entity Standards with reduced disclosure requirements.
- the performance information of the company presents fairly, in all material respects, the company's achievements measured against the performance targets adopted for the year ended 30 June 2015.

BASIS OF OPINION

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

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

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and in the performance information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and the performance information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the company's financial statements and performance information in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board of Directors;
- the adequacy of the disclosures in the financial statements and in the performance information; and

- the overall presentation of the financial statements and the performance information.

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

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

RESPONSIBILITIES OF THE BOARD OF DIRECTORS

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

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

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

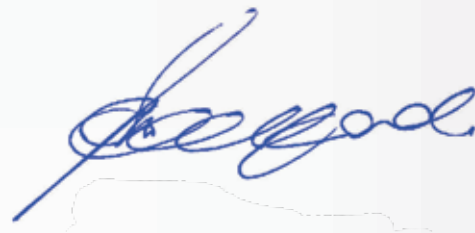
RESPONSIBILITIES OF THE AUDITOR

We are responsible for expressing an independent opinion on the financial statements and the performance information and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001.

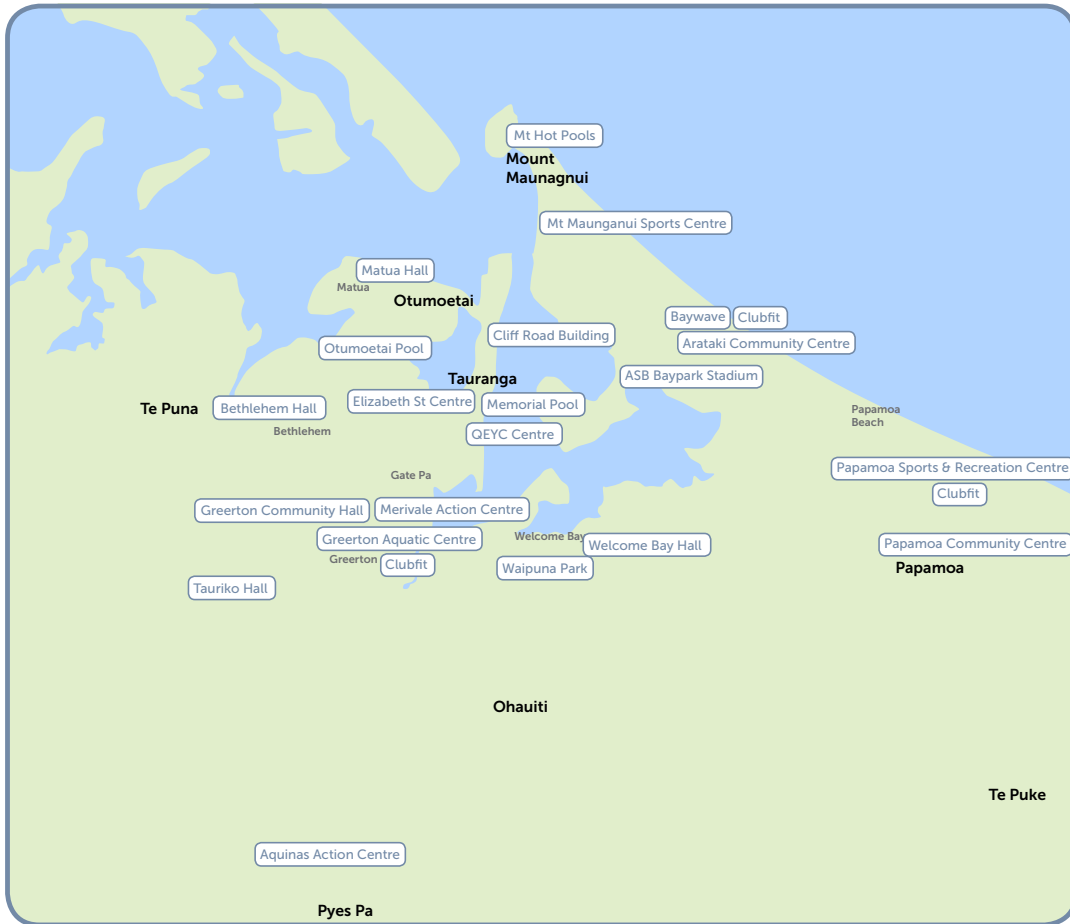
INDEPENDENCE

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

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



B H Halford
Audit New Zealand
On behalf of the Auditor-General
Tauranga, New Zealand



Bay Venues

INCORPORATING

ASB | BAYPARK
ARENA
STADIUM

BVe
BAY VENUES EVENTS

CLUBfit

Baywave
TECET Aquatics & Leisure Centre

Mount Hot Pools

BayCatering

BayAudioVisual

BayKids

BayActive

BaySwim