

TAURANGA CITY VENUES LTD

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

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CHAIRMAN'S REPORT

Like the rest of the Community, the Board and management of TCVL have had another challenging year.

At the end of the last financial year the organization was looking forward to the first season of operation of the Speedway business, the reorganised catering venture and TECT Arena, any of these on their own being significant undertaking. To commence and consolidate these three business centres was no mean feat. While not all plain sailing, and given all the circumstances, all three have been successfully incorporated.

Since its official opening on 26 August 2011 and launching straight into the AIMS games and Police Charity Auction, TECT Arena has been in high demand from community users, major sports event hirers, and show and conference hirers. The challenge to successfully open a venue of this calibre, and to hit the ground running, should not be underestimated. As venue hirers, we are not always able to predict the success or failure of events. For example, there was some disappointment around the Davis Cup Tennis and Meatloaf concert, but the Breakers and Trans-Tasman Netball tournament were outstanding. Feedback and praise of the venue has been generous.

The restructure of catering and the acquisition of the Speedway business was first and foremost about controlling our site. We now retain more flexibility to better manage events and stakeholder expectations. We did however also demand that these would be financially viable.

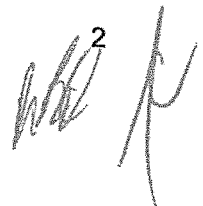
The Speedway fraternity were very happy with their new owners and the change of approach; this was reflected in the driver support. Patronage however, was not where it was expected to be though, largely due to circumstances beyond our control. We could not control the weather. The season was punctuated with too many wet nights, resulting in low attendances and cancellation. Our major flagship opening fireworks nights was cancelled due to complications as a result of the Rena grounding. It was unfortunate as the Speedway team performed admirably.

Poor speedway crowds naturally affected revenues from catering. Also, managing wide variations in patronage and useage was challenging across the whole site for our catering team. The quality and standard of our catering is outstanding and is proving to be a key contributor to the venue package.

The Stadium will continue to be a challenge. As well as Speedway, we hosted the Phoenix, ITM Rugby and Super 15 Rugby. Attracting quality events and securing consistent usage will be a challenge and is important to maximize corporate box revenues.

Nobody could suggest that Baypark venue compares to Forsyth Barr Stadium in Dunedin, but it also does not come with the same ratepayer burden. The community expectation to have the best stadium but without high ratepayer support, is unrealistic. We need to find points of difference and provide quality experiences to differentiate ourselves to maximize the return for the Stadium.

The relationship between our Board, elected members and Council staff is about dynamic tensions. We enjoy a very good working relationship with Council staff and elected members.

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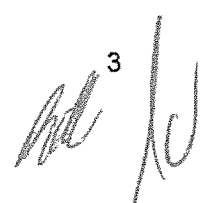
in the context of our relationship with Council it is appropriate to record our sorrow at the sudden death of the Tauranga City Council Executive Officer Ken Patterson. We were really just getting to know Ken. At the time he was involved in a review of all Council Controlled Organizations. While understandably delayed, we as a Board are looking forward to the finalization of that review and further refinement of our position and relationship with our owners.

Looking forward, the financial challenges remain ever present. The market remains volatile and our focus is on tightly controlling those things that can be controlled and pursuing excellence. At the same time we need to ensure every visitor enjoys their experience at Baypark and we remain flexible and adaptable when facing those unpredictable elements of our business.

It is appropriate also to thank the Directors and also CEO Ervin McSweeney and this team for all their hard work.



Graeme Elvin



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STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2012

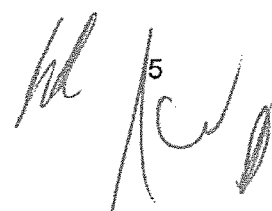
	Note	2012 Actual (\$000's)	2012 Budget (\$000's)	2011 Actual (\$000's)
Operational Revenue				
Functions, Advertising and Sponsorship Revenue	2	370	883	680
Speedway Revenue	3	536	0	0
Catering Revenue	4	1,733	0	0
Arena Revenue	5	1,153	330	0
Other Revenue	6	751	356	5,115
Total		4,543	1,569	5,795
Operational Expenditure				
COGS	4	726	0	0
Other Expenditure	7	3,879	2,077	1,271
Finance Charges	8	1,026	2,111	829
Depreciation and Amortisation	9	858	993	331
Total		6,489	5,181	2,431
Operational Surplus / (Deficit) before taxation		(1,946)	(3,612)	3,364
Taxation Expense/(Benefit)	10(a)	110	0	(166)
Operational Net Surplus / (Deficit) after taxation		(2,056)	(3,612)	3,530
Other Comprehensive Income				
Revaluation of Property, Plant and Equipment	26a	9,820	0	0
Taxation on Other Comprehensive Income		(2,755)	0	0
Total Comprehensive Income for the period		5,009	(3,612)	3,530

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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2012

	Share Capital	Retained Earnings	Revaluation Surplus	Total Equity
Balance as at 1 July 2010	2,000	(2,653)	639	(19)
Capital Introduced during the year	0	0	0	0
Total Comprehensive Income for the year	0	3,530	0	3,530
Tax on Equity	0	0	0	0
Balance at 30 June 2011	2,000	872	639	3,511
Changes in Equity for 2012				
Total Comprehensive Income for the year	0	(2,053)	9,820	7,764
Tax on Equity	0	0	(2,755)	(2,755)
Balance at 30 June 2012	2,000	(1,184)	7,704	8,520

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



STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012

	Note	Actual 2001/2012 (\$000's)	Actual 2010/2011 (\$000's)
Assets			
Current Assets			
Cash and Cash Equivalents	11	76	25
Trade and Other Receivables	12	7,043	366
Stock on Hand	13	113	0
Total Current Assets		7,232	391
Non Current Assets			
Property, Plant and Equipment	26a	22,890	12,742
Intangible Assets	26	543	588
Loan to Tauranga City Council (TECT Funding)	14	0	6,276
Total Non Current Assets		23,433	19,606
Total Assets		30,665	19,997
Liabilities			
Current Liabilities			
Trade and Other Payables	17	712	347
Loan from Tauranga City Council	19	4,630	2,996
Redeemable Preference Shares	19	2,000	2,000
Total Current Liabilities		7,342	5,343
Non Current Borrowings			
Loan from Tauranga City Council for Pref Shares	19	6,000	0
Redeemable Preference Shares	19	2,000	4,000
Loan from TCC	19	1,442	4,647
Deferred Tax Liability	10c	5,361	2,496
Total Non Current Liabilities		14,803	11,143
Total Liabilities		22,145	16,486
Net Assets		8,520	3,511
Equity			
Share Capital	20	2,000	2,000
Revaluation Reserve	22	7,704	639
Retained Earnings	21	(1,184)	872
Total Equity		8,520	3,511

Graeme Elvin - Chairman

Date: 20 September 2012

Rex Pollock - Director
Date: 20 September
2012

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

STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 30 JUNE 2012

	Note	2011/2012 (\$000's)	2010/2011 (\$000's)
CASHFLOWS FROM OPERATING ACTIVITIES			
Functions, Advertising, Sponsorship, Arena, Speedway and Catering Revenue		3,753	457
Other Revenue		189	4,579
Payments to Suppliers and employees		(4,235)	(1,109)
Interest Paid on RPS		(205)	(293)
Tax Paid		0	0
NET CASH FROM OPERATING ACTIVITIES	16	<u>(500)</u>	<u>3,634</u>
CASHFLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	26a	<u>(1,146)</u>	<u>(1,435)</u>
NET CASH FROM INVESTING ACTIVITIES		<u>(1,146)</u>	<u>(1,435)</u>
CASHFLOWS FROM FINANCING ACTIVITIES			
Loan from Tauranga City Council - Working Capital		1,697	1,701
Loan from Tauranga City Council - Repay Bob Dividend		2,000	2,000
Pay RM & CM Clarkson - Dividend due 01.07.11		(2,000)	(2,000)
Proceeds from Borrowings		0	0
Loan to TCC (TECT Funding)		0	(3,898)
NET CASH FROM FINANCING ACTIVITIES		<u>1,697</u>	<u>(2,197)</u>
NET INCREASE/(DECREASE) IN CASH		51	1
CASH AT THE BEGINNING OF THE YEAR		25	24
CASH AND CASH EQUIVALENT AT THE END OF THE YEAR	11	<u><u>76</u></u>	<u><u>25</u></u>

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.

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

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NOTES TO THE FINANCIAL STATEMENTS

1) STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2012

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. The first year's reporting was for 9.5 months for the period end 30 June 2008. Since that time all reporting has been for a full 12 month period.

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 2012. The financial statements were authorised for issue by TCVL Directors on 20 September 2012.

BASIS OF PREPARATION


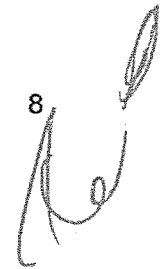
The financial statements of Tauranga City Venues Ltd have been prepared in accordance with the requirements of the Companies Act 1993, the Financial Reporting Act 1993 and the Local Government Act 2002, which includes the requirements to comply with New Zealand generally accepted accounting practice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

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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.

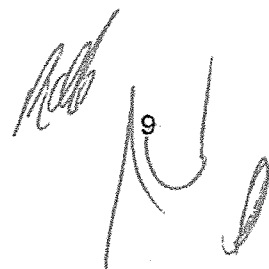
Current tax and deferred tax is charged or credited to the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.

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.

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Non Infrastructural Assets	Useful Life (Years)	Depreciation Method
Land	N/A	N/A
Buildings	50-100	SL
Improvements	20-25	SL
* Intangible Assets	3-8	SL
Computer Equipment	4-5	SL
Office Furniture / Equipment	8-12	SL
Other Plant & Equipment	3-20	SL
Motor Vehicles	5-10	SL
Computer Software	3 years	33%

* Changed from 10 years to 3-8 years

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 Property Solutions Ltd, at 1 July 2011 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.

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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.

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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 2012

2. FUNCTIONS, ADVERTISING AND SPONSORSHIP REVENUE

	Actual 2012 (\$000's)	Actual 2011 (\$000's)
Corporate Box Rentals	230	253
* Caterers Revenue and Commissions	26	143
Event Centre Functions	54	50
Naming Rights	0	0
Perimeter and Billboard Advertising	36	72
Rugby Game Revenue	24	26
** Speedway Commission	0	136
	370	680

* TCVL had little control over the receipt of \$26k of catering commission. This revenue was derived from the previous catering contractor.

**Commission earned on Speedway meetings prior to the purchase of the Speedway Business.

3. SPEEDWAY REVENUE

	Actual 2012 (\$000's)	Actual 2011 (\$000's)
* Speedway Revenue	536	0
	536	0

* This is the Speedway Revenue generated by TCVL after purchasing the Speedway Business.

4. CATERING REVENUE

	Actual 2012 (\$000's)	Actual 2011 (\$000's)
** Catering Revenue	1,733	0
Less COGS	-726	0
	1,007	0

** This Catering Revenue is derived from a new Joint Venture arrangement entered into with Global Cuisine.

5. ARENA REVENUE

	Actual 2012 (\$000's)	Actual 2011 (\$000's)
Community Sports	286	0
Events and Conferences	294	0
Other	64	0
Community Subsidy	509	0
	1,153	0

6. OTHER REVENUE

	Actual 2012 (\$000's)	Actual 2011 (\$000's)
Rentals (incl Pavilions)	133	101
Interest	530	501
Sundry Events	42	104
Sponsorship Revenue	46	0
Grants	0	4,409
	<u>751</u>	<u>5,115</u>

7. OTHER EXPENDITURE

	Actual 2012 (\$000's)	Actual 2011 (\$000's)
Administration	253	112
Audit	21	18
Bad Debts	0	4
Provision for Doubtful Debts	0	-4
Consultants and Directors Fees	57	52
Employee Costs	1,992	581
Operating Costs	1,406	398
Loss on Disposal of Assets	4	31
Maintenance	146	79
	<u>3,879</u>	<u>1,271</u>

8. FINANCE EXPENDITURE

	Actual 2012 (\$000's)	Actual 2011 (\$000's)
Interest on RPS	294	418
Interest Paid	732	411
	<u>1,026</u>	<u>829</u>

9. DEPRECIATION

	Actual 2012 (\$000's)	Actual 2011 (\$000's)
Buildings and Improvements	620	269
Plant and Equipment	135	40
Office Furniture and Equipment	9	8
Motor Vehicles	19	11
Software	0	0
Intangible Assets	75	3
	<u>858</u>	<u>331</u>

10. TAXATION

	2012 (\$000's)	2011 (\$000's)
a) Surplus /Deficit) before Taxation	(1,946)	3,364
Tax at 28% (2011: 30%)	(544)	1,009
Plus (less) tax effect of:		
Non-deductible expenditure	203	127
Depreciation and amortisation adjustment	0	0
Unrecognised Tax Losses	0	0
Doubtful Debt Adjustment	0	0
Loss on Sale Adjustment	0	0
Non- taxable income	(250)	(1,673)
Tax rate adjustment	0	2
Deferred Tax Adjustment	701	369
Taxation Expense/(Benefit)	110	(166)

Represented As:

Current Taxation	0	0
Deferred tax on temporary difference	0	0
Deferred tax on adjustment for deduction in tax rate	0	2
Deferred taxation expense/(benefit)	110	(166)
	110	(166)

	2012 (\$000's)	2011 (\$000's)
b) Imputation Account (Group)		
Imputation credits available for use in subsequent periods	2,673	1,213 2,761
	2,673	1,213 2,761

With effect from 28 June 2007, the company, along with its parent shareholder, Tauranga City Investments Limited, formed an imputation group (ICA Group).

Tauranga City Venues Ltd does not maintain its own imputations credit account as it is part of an imputation group.

c) Deferred Tax Liability

	Property, Plant & Equip	Other Provisions	Tax Losses	Tax Rate Adjust	Total
Balance as at 30 June 2010	-2,942	5	275	0	-2,662
Charged to income	168	20	-22	0	166
Charged to equity	0	0	0	0	0
Balance at 30 June 2011	-2,774	25	253	0	-2,496
Charged to income	-521	0	411	0	-110
Charged to equity	-2,755	0	0	0	-2,755
Balance at 30 June 2012	-6,050	25	664	0	-5,361

11. CASH AND CASH EQUIVALENTS

	2012	2011
	(\$000's)	(\$000's)
Cash	76	25
	<u>76</u>	<u>25</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.

12. TRADE AND OTHER RECEIVABLES

	2012	2011
	(\$000's)	(\$000's)
Accrued Income	9	7
Prepayments	3	5
Trade and other Receivables	313	154
GST	0	198
RWT	3	2
Loan to TCC (TECT Funding)	6,715	0
	<u>7,043</u>	<u>366</u>

The status of receivables as at 30 June 2012 as detailed as follows:

	2012			2011		
	Gross	Impairment	Net	Gross	Impairment	Net
Receivables						
Not past due	131	0	131	23	0	23
Past due 1-60 days	157	0	157	76	0	76
Past due 61-90 days	14	0	14	39	0	39
Past due > 90 days	3	0	3	5	0	5
	<u>305</u>	<u>0</u>	<u>305</u>	<u>143</u>	<u>0</u>	<u>143</u>

13. Stock on Hand

	2012	2011
	(\$000's)	(\$000's)
Stock on Hand	113	0
	<u>113</u>	<u>0</u>

14. NON CURRENT ASSETS

	2012	2011
	(\$000's)	(\$000's)
Loan to TCC (TECT Funding)	0	6,276
	<u>0</u>	<u>6,276</u>

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15. STATEMENT OF COMMITMENTS AND CONTINGENCIES

The statement represents extraordinary or exceptionally large commitments for that type of expenditure within the normal course of business, which have been contractually entered into.

There are no commitments and contingencies as at 30 June 2012 (NIL, 2011).

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


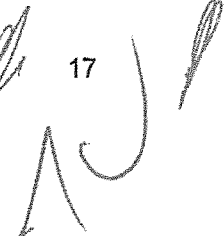
	2012 (\$000's)	2011 (\$000's)
Net Surplus / (Deficit) from Statement of Comprehensive Income	(1,945)	3,364
Add / (Deduct) Non Cash Items		
Depreciation	858	331
Loss on Disposal of Assets	4	31
* Interest Expense	732	410
* Interest Income	(438)	(374)
Add / (Deduct) Movements in Working Capital		
Decrease / (Increase) in Trade and Other Receivables	(75)	(260)
Increase / (Decrease) in Trade and Other Payables	365	132
Net Cash from Operating Activities	<u>(500)</u>	<u>3,634</u>

* Previous year's Interest Expense and Interest Income had been included as part of total cash received. However, this year it has been separated out, as it is not a 'cash' item.

17. TRADE AND OTHER PAYABLES

	2012 (\$000's)	2011 (\$000's)
Trade and Other Payables		
Accrued Expenditure	117	89
Trade and Other Payables	284	59
Income in Advance - Corporate Box, Signage	161	111
Employee Accruals	148	88
GST	2	0
Total Trade and Other Payables	<u>712</u>	<u>347</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.

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18. RELATED PARTY TRANSACTIONS

	2012 (\$000's)	2011 (\$000's)
Tauranga City Council (Shareholder of TCIL who wholly owns TCVL)		
Interest Received - TCC	438	373
Interest Paid - TCC	732	410
Loans Repaid	-1,077	205
Loans Received	2,774	3,908
Loan Received for Preference Share Payment	2,000	2,000
Loan to TCC	0	3,900
Grant from TCC	0	509
 Tauranga City Venues Ltd		
<u>Administration Services Provided</u>		
John Adshead - John Adshead Promotions Ltd	0	1
Graeme Elvin - McKenzie Elvin Barristers and Solicitors	3	13
<u>Operating Services Provided</u>		
Rex Pollock - Pollock and Sons Crane Hire Ltd	5	3
Tauranga City Council	281	0
 <u>Charged to Tauranga City Council</u>		
Community Subsidy and Other	746	5
 <u>Revenue Funds Received From</u>		
Rex Pollock - Pollock and Sons Crane Hire Ltd	32	23
Graeme Elvin - McKenzie Elvin Barristers and Solicitors	7	0

19. BORROWINGS

	2012 (\$000's)	2011 (\$000's)
Borrowings		
Loan from Tauranga City Council	12,072	7,643
 RM & EM Clarkson Family Trust Partnership - Redeemable Preference Shares	4,000	6,000
Total Borrowings	<u>16,072</u>	<u>13,643</u>
 Less Current Borrowings	<u>6,630</u>	<u>4,996</u>
Total Non-Current Borrowings	<u>9,442</u>	<u>8,647</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 it initially as fair value under NZ IFRS 39.

After initial recognition it is on demand.

\$6m of the loan from Tauranga City Council is due for payment on 01 July 2013.

Security

The loan from TCC is unsecured.

Interest Rate

The interest rate paid to Tauranga City Council on loans is 6.75%, and the interest rate received from Tauranga City Council is 6.75%.

Redeemable Preference Shares

On commencement Tauranga City Venues Ltd 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 were due on 1 July 2009, 1 July 2010, 1 July 2012 and have been paid. The final maturity is due on 1 July 2013.

The interest paid on RPS for the year ending 30 June 2012 was \$205,520 (2011: \$292,458), imputation credits paid in relation to these shares was \$88,080 (2010: \$125,339).

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 2012.

20. SHARE OF CAPITAL

	2012 (\$000's)	2011 (\$000's)
Opening Balance	2,000	2,000
Capital Introduced - Ordinary Shares - TCIL	0	0
Total Share Capital	2,000	2,000

2,000,100 ordinary shares @ \$1 per share are fully paid up.

Tauranga City Venues Ltd also holds 2,000,000 uncalled shares of \$1 per share

21. RETAINED EARNINGS

	2012 (\$000's)	2011 (\$000's)
Retained Earnings Opening Balance	872	(2,658)
Surplus / (Deficit) after Tax	(2,056)	3,530
Total Retained Earnings	(1,184)	872

22. REVALUATION RESERVE

	2012 (\$000's)	2011 (\$000's)
Revaluation Reserve	(639)	(812)
Tax on Equity		173
Increase in Asset Reserve	(9,820)	0
Tax on Other Comprehensive Income	2,755	0
Total Retained Earnings	(7,704)	(639)

23. 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.

24. SIGNIFICANT EVENTS AFTER BALANCE DATE

Payment of Redeemable Preference Shares

\$2m of Redeemable Preference Shares were paid to RM & ME Clarkson Family Trust Partnership on 1 July 2012.

Equity Injection

On the 26th July 2012 Tauranga City Venues Limited issued 5,000,000 \$1 ordinary

shares to be subscribed by Tauranga City Investments as 2,000,000 \$1 ordinary shares on 1st August 2012, 2,000,000 \$1 ordinary shares on 1st July 2013 and 1,000,000 ordinary shares on 1st July 2014. On the 26th July 2012 Tauranga City Investments issued 5,000,000 to be subscribed by Tauranga City Council on the same dates as above.




Purchase of TECT Arena

On the 13th August 2013 the TECT Arena at Baypark was sold by Tauranga City Council to Tauranga City Venues Limited for \$40,000,000. The boards of Tauranga City Investments Limited and Tauranga City Venues Limited gave effect to this transaction by resolutions on the 26th July 2012 providing funding for this transaction by issuing 11,000,000 \$1 ordinary shares payable on the 13th August together with a further 16,000,000 unpaid ordinary shares in the respective companies. The balance of the funding for the purchase of the TECT Arena at Baypark will be via a \$23,000,000 loan from Tauranga City Council to Tauranga City Venues Limited and the repayment of a loan by Tauranga City Council to Tauranga City Venues Limited of \$6,000,000. This amount was previously provided by external funding to Tauranga City Venues Limited.

No other events, favourable or unfavourable, have occurred since balance date.

25. REVIEW OF COUNCIL CONTROLLED ORGANISATIONS BY TCC

Tauranga City Council has advised Tauranga City Investments Ltd (the Company) that it is undertaking a review of its Council Controlled Organisations, including the Company. This review is ongoing and no direction or decision has been made about how the Company may be impacted. It is likely that the recommendations resulting from the review will be made to Council before the end of 2012.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

26. 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 Acquired	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 Acquired	Book Value (\$000's)	Fair Value Adjustment (\$000's)	Fair Acquisition (\$000's)
Non Current Assets			
Buildings, Plant and Equipment	12,000	0	12,000
	<u>12,000</u>	<u>0</u>	<u>12,000</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE
2011

26a. ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT

	Cost/ Reval- uation 1 Jul 12	Accum Depn and Impair- ment Charges at 1 Jul 12	Openin g Amount 1 Jul 12	Current Years Additio ns	Current Years Dispos als	Current Year Impair- ment Charge \$	Current Year Depn	Accum Depn Writte n Off	Reval- uation Surplu s	Asset Depn Writte n Back	Cost/ Reval- uation 30 June 12	Accum Depn and Impair- ment Charges 30 June 12	Carryin g Amount June 12
Buildings and Improvements	13,011	799	12,212	190	0	0	620	0	9,820	-794	22,227	625	21,602
Plant and Machinery	569	136	433	895	-6	0	135	-2	0	0	1,458	269	1,189
Motor Vehicles	100	31	69	8	0	0	19	0	0	0	108	50	58
Office Equipment	47	20	27	23	-1	0	9	-1	0	0	69	28	41
Intangible Assets	591	3	588	30	0	0	75	0	0	0	621	78	543
	14,318	989	13,329	1,146	-7	0	858	-3	9,820	-794	24,483	1,050	23,433

	Opening Book Value - 1 July 2011 (\$000's)	Asset Additions (\$000's)	Asset Dispos ed (\$000's)	Asset Depn Writte n Back (\$000's)	Current Depn & Amort - 30 June 2011 (\$000's)	Accum Depn & Amort - 30 June 2011 (\$000's)	Closing Book Value - 30 June 2011 (\$000's)
2011 Fixed Assets							
Buildings & Improvements	11,796	716	(31)	(269)	(798)	(798)	12,212
Plant & Equipment	392	81	(40)	(40)	(136)	(136)	433
Office Furniture & Equipment	32	3	(8)	(8)	(20)	(20)	27
Motor Vehicles	36	44	(11)	(11)	(31)	(31)	69
Software	0	0	0	0	(1)	(1)	0
Intangible Assets	0	591	(3)	(3)	(3)	(3)	588
	12,256	1,435	(31)	0	(331)	(989)	13,329

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE
2012**

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 18.

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

Director	Start Date	End Date	Fees Accrued	Fees Paid
Rex Pollock	28.09.07	Still a director	\$0.00	\$10,000.00
John Adshead	28.09.07	Still a director	\$0.00	\$10,000.00
Stuart Crosby	22.08.08	Still a director	Unpaid Director	Unpaid Director
Bernie Gillon	01.05.10	Still a director	\$0.00	\$10,000.00
Daryl French	01.05.10	Still a director	\$0.00	\$10,000.00
Graeme Elvin	01.05.10	Still a director	\$0.00	\$10,000.00

There were no remunerations paid in excess of \$10,000.

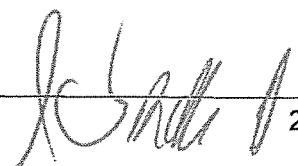
The company paid \$18,688 in Financial Audit Fees during the year, and accrued \$20,000 for the year ended 30 June 2012 audit.

KEY PERFORMANCE INDICATORS
Actual to June 2012

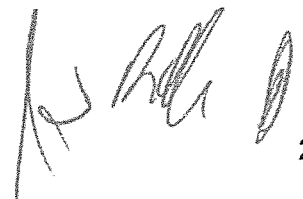
	Objectives for 2011/2012	Strategies	Performance Targets	YTD Actual Performance to June 2012																
1	To meet, and where possible exceed, the expectation of Tauranga City Investments Limited, Tauranga City Council, and all of the stakeholders of the company.	<ul style="list-style-type: none"> Comply with our adopted Statement of Intent. That TCVL operates at the agreed cost to the rate payers. 	<p>100%</p> <p>100%</p>	<p>On target</p> <p>Business model changed for Year End 2012. As a result TCVL operated at a smaller deficit, than budgeted.</p>																
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"> Commence implementation of new strategic plan developed by Board. To achieve and or exceed the annual plan targets. Grow overall revenues and operating surplus. <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 - 10% p.a.</p> <p>Operating Surplus -5% p.a.</p> <p>100%.</p> <table border="1"> <tr> <td>Direct Control Revenue</td> <td>\$1,070,403</td> </tr> <tr> <td>Other Revenue</td> <td>\$498,645</td> </tr> <tr> <td>Operating Cost</td> <td>\$2,077,332</td> </tr> <tr> <td>Net rate payer funding before depreciation and financing costs</td> <td>(\$508,284)</td> </tr> </table>	Direct Control Revenue	\$1,070,403	Other Revenue	\$498,645	Operating Cost	\$2,077,332	Net rate payer funding before depreciation and financing costs	(\$508,284)	<p>Implementation was commenced.</p> <p>100%</p> <p>New model changed for Year End 2012 which was not included in SOI. Comparison of previous year not relevant due to the change in business model.</p> <p>Plan underwent major changes with purchase of Speedway and Catering operations.</p> <table border="1"> <tr> <td>Direct Control Revenue</td> <td>\$3,898,056</td> </tr> <tr> <td>Other Revenue</td> <td>\$ 49,801</td> </tr> <tr> <td>Operating Cost</td> <td>\$4,605,406</td> </tr> <tr> <td>Net rate payer funding before depreciation and financing costs.</td> <td>(\$659,549)</td> </tr> </table>	Direct Control Revenue	\$3,898,056	Other Revenue	\$ 49,801	Operating Cost	\$4,605,406	Net rate payer funding before depreciation and financing costs.	(\$659,549)
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Operating Cost	\$4,605,406																			
Net rate payer funding before depreciation and financing costs.	(\$659,549)																			

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	Objectives for 2011/2012	Strategies	Performance Targets	YTD Actual Performance to June 2012
		<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> <ul style="list-style-type: none"> • 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 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>Customer Satisfaction and Service</p> <ul style="list-style-type: none"> • TCVL will undertake annual surveys to monitor customer satisfaction and business performance. 	<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>Annual audits completed.</p> <p>100% compliance with the Health and Safety and/or maintenance provisions of the relevant contract conditions.</p> <p>Annually completed. Target minimum 75% satisfaction rate. TCVL will undertake one survey during each of the speedway and rugby seasons.</p>	<p>We now control all areas of the stadium and arena activity.</p> <p>Report monthly to board, and on arena performance to TCC.</p> <p>This is in place or being put in place with new contractors.</p> <p>On target.</p> <p>To be carried out.</p> <p>Completed.</p> <p>Survey in March and May completed and target rate achieved.</p>



	Objectives for 2011/2012	Strategies	Performance Targets	YTD Actual Performance to June 2012
		<ul style="list-style-type: none"> • 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 plan in key business areas.</p>	<p>100% compliance</p> <p>Annual operational audits monitor a sample of customer service documents to ensure contractual obligations are met.</p> <p>Reviewed December 2011 and June 2012.</p>	<p>Achieved.</p> <p>Achieved.</p> <p>Draft plan completed.</p>
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 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>Achieved.</p> <p>Pavilion 4 initiative presented to Council.</p>
4	Ensure the effective and efficient management of Assets within its control.	<p>Asset Management</p> <ul style="list-style-type: none"> • TCVL will implement the asset management plans completed for each facility and maintain 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 as required each year.</p> <p>TCVL will ensure that all capital and renewals program is undertaken as required within each year.</p>	<p>AMP programme monitored</p> <p>Identified work underway.</p>



	Objectives for 2011/2012	Strategies	Performance Targets	YTD Actual Performance to June 2012
5	Manage and monitor any contractual relationships with TCVL, so as to drive optimum benefit to the company and its stakeholders.	<ul style="list-style-type: none"> • TCVL will ensure they survey contractor's performance and discuss the outcome of those reports with all contracted parties. • To transform current contractual relationships into partnerships that assist in enhancing and developing our facilities. 	<p>100% compliance with contracted conditions.</p> <p>Documented reports and consultative meetings.</p> <p>Annual Partnering workshops with all contracted parties.</p>	<p>Contracts working satisfactorily.</p> <p>Regular meetings schedule.</p> <p>Scheduled as part of planning processes.</p>
6	Develop strategic plans for both short and long term operation of the facilities.	<ul style="list-style-type: none"> • 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>Completed and reviewed annually.</p> <p>Completed and reviewed annually.</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.	Communication plan developed and strategies completed.	Monthly reports to TCC Recreation Relationships Manager. Every 2 months results presented to Elected Members and workshops held.
8	Deliver objectives as set out in the Service Level Agreement between Tauranga City Council and TCVL for delivery of community sport and recreation services at Baypark Arena.	<p>Develop plans to ensure TCC community engagement targets and venue objectives will be met</p> <p>To monitor and report on these targets and objectives on a monthly basis</p>	100% achievement of agreed objectives	Achieved.

