

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017



Nearly two million people passed through our 24 venues in the 2016/2017 year enjoying the broad range of events, activities and programmes available to them.

Gary Dawson - Chief Executive
Bay Venues Limited



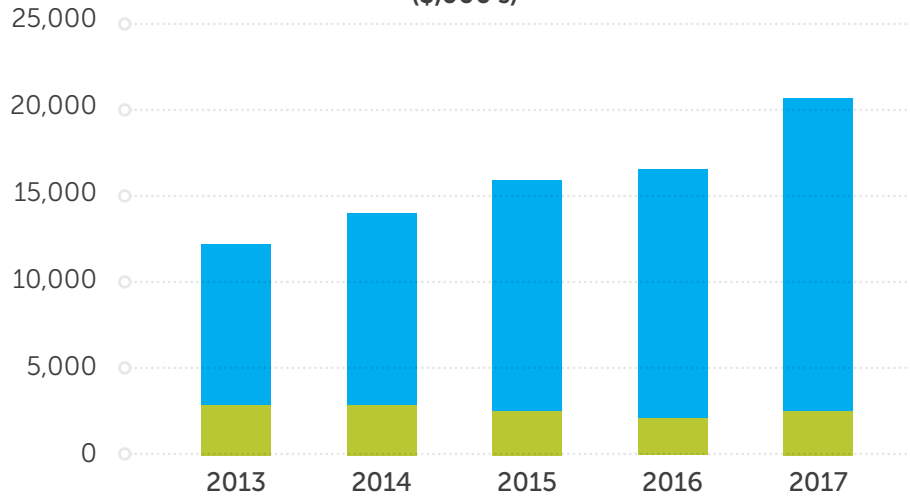
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FINANCIAL HIGHLIGHTS

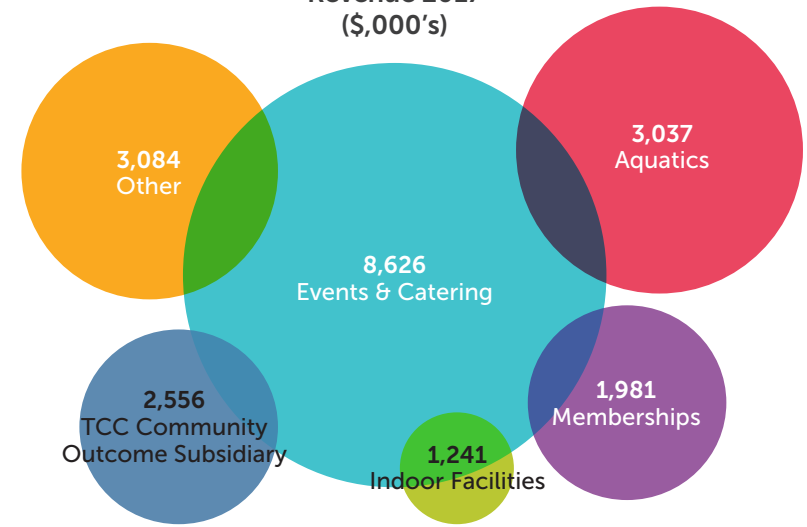
Revenue 2013 - 2017
(\$,000's)



* Revenue 2013 - 2017 does not include TCC Capital Funding Renewal Funding or the TCC Debt Servicing Grant.

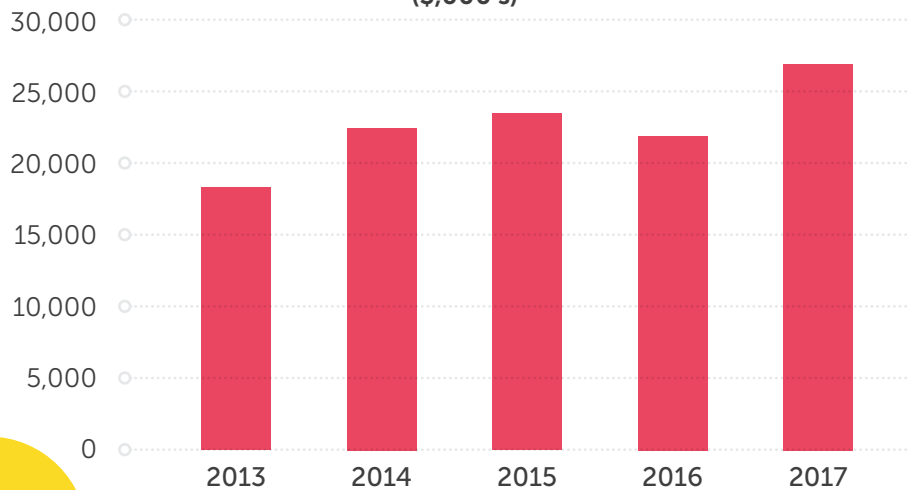
■ TCC Community Subsidy ■ Operating Revenues

Revenue 2017
(\$,000's)



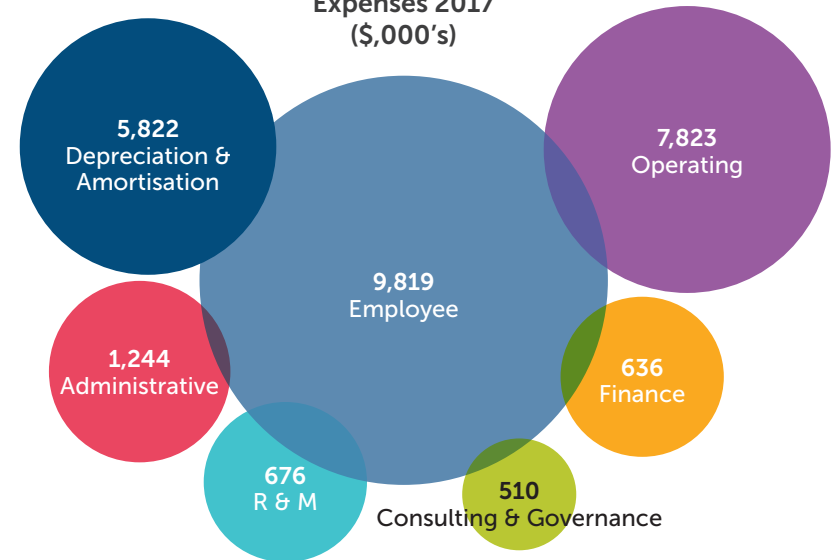
* Revenue 2017 does not include TCC Capital Funding, Renewal Funding or the TCC Debt Servicing Grant

Operating Expenses 2013 - 2017
(\$,000's)



Refer Note 26: Depreciation is not budgeted for by BVL as it is budgeted and funded by TCC. From the 17/18 financial year, BVL will budget for depreciation expense.

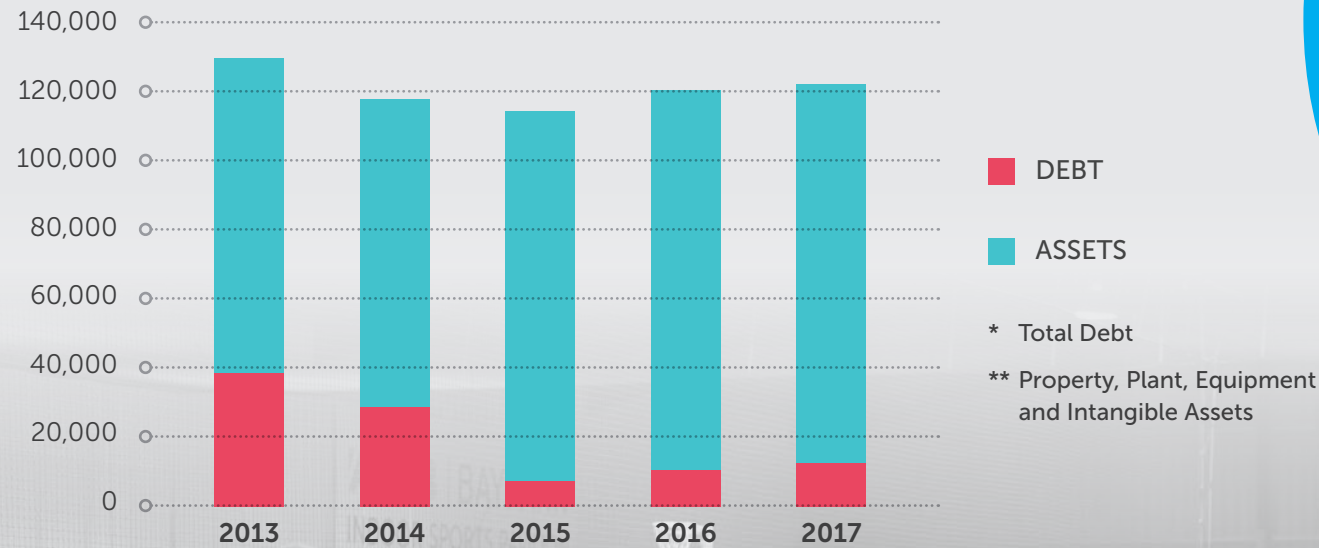
Expenses 2017
(\$,000's)



Refer Note 26: Depreciation is not budgeted for by BVL as it is budgeted and funded by TCC. From the 17/18 financial year, BVL will budget for depreciation expense.

We employ 179 full time equivalent (FTE) members of our community within our organisation.

Assets* & Debt**
(\$,000's)



DEBT

ASSETS

* Total Debt

** Property, Plant, Equipment and Intangible Assets

CAPITAL & RENEWAL PROJECTS

During the year Bay Venues invested \$3.6m in capital and renewal projects. Some of our major projects completed or underway are shown here.



GREERTON POOL PAINTING

\$62k
(renewal)



GREERTON LEARNERS POOL HEATING AND PLANT UPGRADE

\$215k
(new capital)



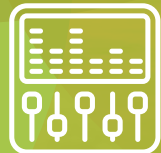
COMPLETION OF HOT POOLS UPGRADE

\$193k
(new capital)



BAYWAVE & CLUBFIT PIN LOADED MACHINE REPLACEMENTS

\$130k
(renewal)



BAY AUDIO VISUAL NEW CAPITAL ITEMS

\$75k
(new capital)



STADIUM ROOF PLATFORM AND WALKWAY UPGRADE

\$87k
(renewal)

SERVICE **DELIVERY** & TARGET **HIGHLIGHTS**

Last year we provided venues, programmes and spaces for over 1.990 million users.

5

AQUATIC FACILITIES

783,515
user visits

11

COMMUNITY CENTRES & HALLS

430,989
user visits

5

INDOOR SPORTING & EVENT FACILITIES

665,768
user visits

3

OTHER EVENT AND WELLBEING CENTRES

110,288
user visits

Our facilities offer 35 different centre-run sport, aquatic and recreation programmes to over 138,000 customers.



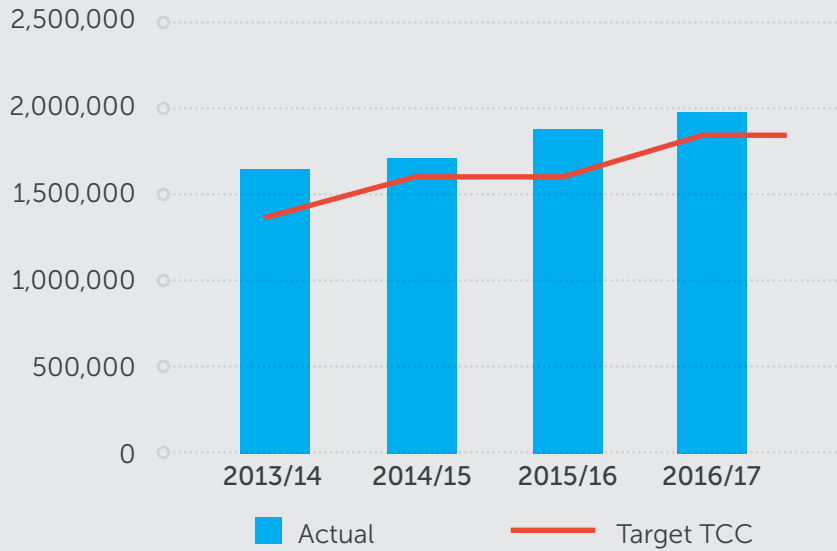
ASB Arena offered spaces for a diverse range of activities for over 425,000 user visits.



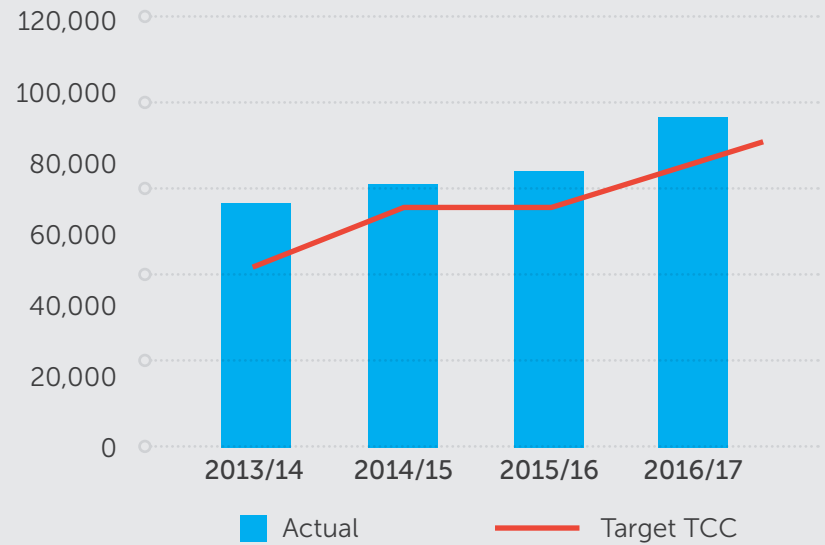
Our 24 facilities were utilised for over 97,000 hours during the year.



Total Network Visits

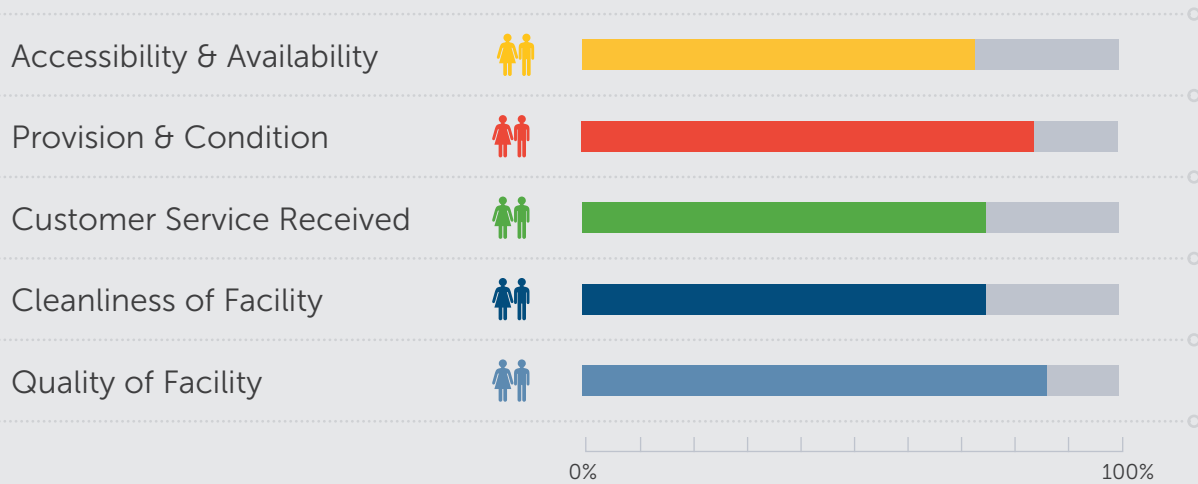


Total Indoor Recreation Facilities Hours of Use



Our customers are satisfied or very satisfied with...

2017 Customer Satisfaction Survey



86%
Of our customers are likely or very likely to recommend the Facility

CHAIRPERSON'S REPORT

It is my pleasure to report that Bay Venues has during this past year hosted almost two million visitors to its venues, leisure services and events. This is a major milestone that reflects Bay Venues is achieving a key objective of providing venues, leisure services and events that the citizens of our great city want to use and/or attend.

It is a huge figure given the population of the city and this figure compares with 1,606,937 in the 2013/2014 year.

Bay Venues is a Council Controlled Organisation (CCO) formed four years ago by the amalgamation of two complimentary existing council organisations (TCAL and TCVL), with the objective of improved financial sustainability and enhanced customer experiences within its venue and its leisure and events sectors.

Customer Focus

If the customer was not "front and centre" of our total team then we simply would not have achieved almost 2 million visitors.

Our team operates on the basis of continuous improvement, welcoming customer feedback and suggestions.

Bay Venues conducts annual indepth surveys to check on our customer satisfaction, and to guide the team in ways we can further improve not only the customer experience, but also guide us to new improved venues, services and events.

Health and Safety

Bay Venues has an absolute commitment to provide safe venues, programmes and events by adopting best operating practice and ongoing vigilant governance.

The very nature of Bay Venues events, programmes and services present understandable challenges in terms of health and safety. The Bay Venues team have developed and will continue to develop a company-wide culture of understanding what health and safety best practice means for both customers and staff.

A special highlight of this year is the outcome of the biennial ACC Workplace Safety Management Practices Audit. Bay Venues achieved a Tertiary level, updated from the existing Primary level previously achieved.

"Our organisation is truly privileged to have a highly competent highly motivated team who collectively ensure our organisation achieves not only its undertakings to Tauranga City Council but also its commitment to excellence for the citizens of Tauranga city."

For any organisation as large and complex as Bay Venues to be upgraded from Primary to Tertiary is a very significant achievement.

I would like to acknowledge the Board for the very high priority it devotes to Health and Safety Governance and in particular the Health and Safety Assembly (Chair: Shirley Baker) for their ongoing monitoring and hands on governance of the organisation's safety plan.

Staff Team

Our organisation is truly privileged to have a highly

competent highly motivated team who collectively ensure our organisation achieves not only its undertakings to Tauranga City Council but also its commitment to excellence for the citizens of Tauranga city.

The Bay Venues team is made up of permanent, part-time and casual members and the Board thanks each and every one of them for achieving so much this year.

Future Venue and Programme Planning

With Tauranga city, as New Zealand's fifth largest city, continuing to experience very strong growth it is essential that Bay Venues plays a proactive note in ensuring our venues are appropriate, fit for purpose today and into the future.

We work very closely with the staff at Tauranga City Council and with associated sports and events organisations to plan future requirements.

Over the past two years we have completed the University of Waikato Adams Centre for High Performance (UoWAHPC). This Centre has now become, within a short period, one of New Zealand's premier high performance sports facilities and with our ever closer association with major New Zealand sports code organisations will play a pivotal role in future sport and sports events for Tauranga city.

I would like to thank the Advisory Board of the UoWAHPC (Independent Chair – Stephanie O'Sullivan) for their excellent contribution to the Centre's development and to its long term strategic plan.

Over the forthcoming year Bay Venues will, within Tauranga City Council's ten year Long Term Plan submit some exciting, visionary but sustainable projects to cater for the city's growth and the changing needs of an evolving demographic.

Financial

Over the past four years the Board and Management have been very focused on achieving significant efficiency together with increasing revenue.

To this end, the organisation is now achieving a very much improved financial result with an EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation) for the 2016/2017 year of \$463,000 compared with a budget of \$443,000.

The preceding comparative year results are:

2015/2016	\$341,000
2014/2015	\$132,000
2013/2014	\$(1,112m)

Leadership Team

The past year's achievements, are a reflection of the management team lead by Chief Executive Officer, Gary Dawson.

Gary through his collaborative leadership style, has guided the organisation to a successful year and provided continued focus on future planning.

The Board thanks Gary and his Senior Leadership team who consist of:

- Tina Harris-Ririnui - Venues and Programmes Manager
- Ervin McSweeney - Commercial Manager

- Tania Delahunty - Business Performance Manager
- Robyn Mills - Human Resource Manager
- Justine Brennan - Strategy and High Performance Manager

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

The Board gratefully acknowledges the support, guidance and co-operation provided by our 100% shareholder Tauranga City Council, its Elected Members and the Senior Management of the City Council.

In particular the Board would like to express its appreciation to prior Mayor Stuart Crosby, and current Mayor Greg Brownless plus Chief Executive Garry Poole.

Finally my most important thanks I extend to the nearly two million people who enjoyed our facilities and events during the year.

Our wonderful Bay Venues team will always strive to exceed customer expectations not only with great service but also by ensuring our venues and events reflect our customer's needs and ambitions.

The growth and aspirations of Tauranga and its citizens will challenge Bay Venues to ensure that its current and future venues sustainably reflect this growth and aspiration.

The Board and Management of Bay Venues enthusiastically accept the challenge and pledge to deliver today and into the future.



Peter Farmer
Chairman
Bay Venues Limited

A handwritten signature in black ink that reads "Peter Farmer".

CHIEF EXECUTIVE'S REPORT

Bay Venues Ltd continues to make significant progress towards making Tauranga a community of culturally vibrant, healthy and actively involved people. Nearly two million people passed through our 24 venues in the 2016/2017 year enjoying the broad range of events, activities and programmes available to them.

With the refurbishment project at the Mount Hot Pools completed we have experienced a growth in visitors of 9% at this iconic facility. Customer feedback has been extremely positive about the changes that have been made to the Mount Hot Pools and we look forward to building on this strong base of support.

Positive feedback has also been received about the heating of the Learner's pool at the Greerton Aquatics and Leisure Centre. This project was completed in August 2016 along with the installation of a new sand-based chlorination plant. These two initiatives underline the ongoing commitment Bay Venues has to the development of this venue.

28th April 2017 marked the first anniversary of the opening of the University of Waikato Adams Centre for High Performance. This centre has exceeded all expectations and has rapidly gained a national and international reputation for excellence with athletes not only from New Zealand using it but also teams from Australia, Argentina, Samoa and China.

Throughout the 2016/2017 year Bay Venues has continued its commitment to teaching children how to swim. Bayswim was recognised for excellence in receiving the 2017 New Zealand Swimming School of the Year award for swimming schools 0 – 3,000 members.

Our after-school, holiday and day care programmes for children delivered great value to families in the region and our community centres and halls continue to play an important role in their local communities.

The ASB Baypark complex enhanced its reputation as the hub of entertainment for the Bay of Plenty region. The Bay Dreams music festival attracted over 18,000 people in early January and an increasing number of international acts performed to large crowds throughout the year at the ASB Arena including Jimmy Barnes, Dr. Hook and The Hollies.

ASB Stadium is known as the premier venue in New Zealand for stadium based speed and adrenalin events. Over 13 Speedway events were held this summer in addition to Nitro Circus and Drifting.

The new Indoors Sports Pavilion at ASB Baypark opened in May 2017 and has already proven to be popular for sports such as indoor soccer and netball.

The Clubfit gyms have increased memberships over the last year with customers enjoying the expanded facility at Baywave and the new state-of-art equipment.

Health and Safety continues to be a key focus area and I'm very pleased to report that Bay Venues went from primary to tertiary level for Workplace Safety Management Practices without going through the middle accreditation stage.

Customer Satisfaction remains very high with over 85% of respondents in a recent independent survey being satisfied or higher with Bay Venues' performance.



The Statement of Intent and Service Level Agreement sets out the performance targets set down by Tauranga City Council. Bay Venues met or exceeded 97% of the targets in the Service Level Agreement and met 90% of the targets set down in the Statement of Intent Balanced Scorecard. These are very pleasing results and reflect the continued value Bay Venues strives to deliver to Tauranga.

My appreciation goes out to the Senior Leadership Team, Staff and the Board for their dedication and commitment to delivering real value to Tauranga.

Gary Dawson
Chief Executive
Bay Venues Limited

A handwritten signature in black ink, appearing to read 'Gary Dawson', written over a white background.

FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION



2016 - 2017 FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES | For the Year Ended 30 June 2017

	Note	2017 Actual \$,000's	2017 Budget \$,000's	2016 Actual \$,000's
Revenue				
User Revenue		17,782	15,373	13,867
Other Income	3	187	152	200
TCC Capital Funding		35	-	1,127
TCC Operational Grant		2,556	2,556	2,514
TCC Debt Servicing Grant		520	520	520
TCC Renewal Funding		3,053	1,769	2,023
Total Operational Revenue		24,133	20,370	20,251
Expenditure				
Employee Expense	4	9,819	9,832	7,598
Administrative Expense		1,244	1,272	1,105
Consulting & Governance Expense	5	510	512	405
Operating Expense (incl. COGS)	6	7,823	5,196	6,453
Repairs & Maintenance Expense		676	801	638
Joint Venture Commission		25	25	41
Finance Costs		636	769	533
Depreciation & Amortisation Expense	7	5,822	367	5,264
Total Operating Expenditure		26,555	18,774	22,037
Surplus/(Deficit) before Tax		(2,422)	1,596	(1,786)
Income Tax (Expense)/Benefit	8	398	-	171
Surplus/(Deficit) after tax		(2,024)	1,596	(1,615)
Total Comprehensive Income for the year		(2,024)	1,596	(1,615)

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

STATEMENT OF CHANGES IN EQUITY | As at 30 June 2017

	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 2015	86,093	(16,580)	20,837	441	90,791
Total comprehensive Revenue and Expense for the year	-	(1,615)	-	-	(1,615)
Transfer to ASB Reserve	-	(150)	-	150	-
Balance at 30 June 2016	86,093	(18,345)	20,837	591	89,176
Balance as at 1 July 2016	86,093	(18,345)	20,837	591	89,176
Total comprehensive Revenue and Expense for the year	-	(2,024)	-	-	(2,024)
Expense School in Pool reserve	-	60	-	(60)	-
Reclassify capital	(1,861)	1,861	-	-	(1)
Transfer to ASB Reserve	-	(150)	-	150	-
Total other comprehensive income, net of tax	(1,861)	(253)	-	90	(1)
Balance at 30 June 2017	84,232	(18,599)	20,837	681	87,151

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

2016 - 2017 FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION | As at 30 June 2017

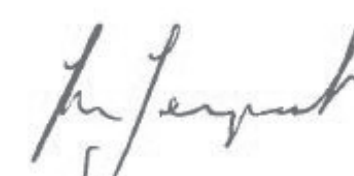
	Note	2017 Actual \$,000's	2016 Actual \$,000's
Assets			
Current Assets			
Cash and Cash Equivalents	9	168	205
Inventories	10	294	281
Debtors and Other Receivables	11	921	1,005
Total Current Assets		1,383	1,491
Non-Current Assets			
Other non-current assets	14	376	120
Intangible Assets	12	703	772
Property, Plant and Equipment	13	109,906	111,442
Total Non-Current Assets		110,985	112,334
Total Assets		112,368	113,825
Liabilities			
Current Liabilities			
Employee Entitlements	15	958	740
Creditors and Other Payables	16	2,071	4,209
Borrowings – UoW Adams Centre Loan	17	957	-
Total Current Liabilities		3,986	4,949
Non-Current Liabilities			
Borrowings	17	11,939	10,009
Deferred Tax	8	9,292	9,691
Total Non-Current Liabilities		21,231	19,700
Total Liabilities		25,217	24,649
Net Assets		87,151	89,176
Equity			
Share Capital	18	84,232	86,093
Retained Earnings	19	(18,599)	(18,345)
Other Reserves	21	681	591
Revaluation Reserves	20	20,837	20,837
Total Equity		87,151	89,176

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



PETER FARMER - DIRECTOR

DATE: 16TH AUGUST 2017



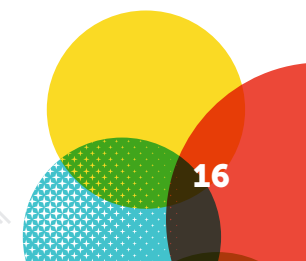
KEITH TEMPEST - DIRECTOR

DATE: 16TH AUGUST 2017

STATEMENT OF CASHFLOWS | For the Year Ended 30 June 2017

	Note	2017 Actual \$,000's	2016 Actual \$,000's
Operating Activities			
Cash received from customers		16,589	13,801
Grants received		6,164	7,468
Dividend received		31	32
Cash received from other sources		156	164
		22,940	21,465
Payments to Employees		(9,601)	(7,532)
Payments to Suppliers		(11,209)	(8,149)
Interest Paid		(636)	(533)
Goods and Services Tax (net)		59	339
		(21,387)	(15,875)
Net Cash from Operating Activities	23	1,553	5,590
Investing Activities			
Purchase of Property, Plant and Equipment		(4,219)	(7,862)
Depreciation on Investment		(256)	(120)
		(4,475)	(7,982)
Net Cash from Investing Activities		(4,475)	(7,982)
Finance Activities			
Proceeds from borrowings		19,485	17,947
		19,485	17,947
Repayment of borrowings		(16,600)	(15,454)
		(16,600)	(15,454)
Net Cash from Financing Activities		2,885	2,493
Net Increase / Decrease in Cash Held		(37)	101
Cash & cash equivalents at beginning of year		205	104
Cash & cash equivalents at end of the year	9	168	205

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



STATEMENT OF ACCOUNTING POLICIES

For the Year Ended 30 June 2017

1.1 ENTITY STATEMENT

Bay Venues Limited 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 Limited is to provide goods and services for the community or social benefit, rather than making a financial return. Accordingly, Bay Venues Limited, 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 Limited are for the year ended 30 June 2017. The financial statements were authorised for issue by Bay Venues Limited Directors on 14th August 2017.

1.2 BASIS OF PREPARATION

The financial statements have been prepared on the going concern basis and the accounting policies have been applied consistently throughout the period.

The financial statements of Bay Venues Limited 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 Limited is not publicly accountable and expenses are between \$2 and \$30 million. However, Bay Venues Limited will not be taking advantage of all Tier 2 exemptions. These financial statements comply with PBE 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). The functional currency of Bay Venues Limited is New Zealand dollars.

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 and Charges

User fees and charges are recognised on the basis of actual services provided. Any fees and 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 Limited 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 Venues 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 on call with banks and 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 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 Limited 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.

1.9 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.

1.10 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.

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 Limited and the cost of the item can be measured reliably.

STATEMENT OF ACCOUNTING POLICIES

For the Year Ended 30 June 2017

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 Limited 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	Useful Life (Years)	Depreciation Method
Operational Assets		
Buildings & Improvements	2 - 100	SL
Plant and Equipment	3 - 50	SL
Computer Equipment	4 - 5	SL

Office Furniture & Equipment	5 - 12	SL
Motor Vehicles	5 - 10	SL

1.11 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. Staff training costs are recognised as an expense when incurred.

Intellectual Property Development

CLASS OF INTANGIBLE ASSETS	Estimated Useful Life (Years)	Amortisation Rates
----------------------------	-------------------------------	--------------------

Acquired Computer Software	4 - 10 years	10 - 25%
----------------------------	--------------	----------

1.12 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 dependent 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.

1.13 CREDITORS AND OTHER PAYABLES

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

1.14 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 Limited 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.

1.15 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.

A liability and an expense are recognised for bonuses where Bay Venues Limited has a contractual obligation or where there is a past practice that has created a constructive obligation.

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. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlement information; and
- the present value of the estimated future cash flows.

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.

1.16 PROVISIONS

Bay Venues Limited 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.

1.17 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
- Other reserves
- Property, Plant and Equipment Revaluation Reserve

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.

1.18 GOODS AND 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.

1.19 BUDGET FIGURES

The budget figures are those adopted by Bay Venues Limited and approved by Tauranga City Council in its 2016/17 Annual Plan. The budget figures have been prepared in accordance with NZ GAAP and are consistent with the accounting policies adopted by Bay Venues Limited for the preparation of the financial statements.

1.20 CRITICAL JUDGMENTS IN APPLYING ACCOUNTING POLICIES

In preparing these financial statements, Bay Venues Limited has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below:

Property Revaluations

Note 13 provides information about the estimates and assumptions exercised in the measurement of revalued land and buildings, and equipment.

1.21 EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

Note 26 provides explanations of major variances against budget.

NOTE TO THE FINANCIAL STATEMENTS

Note 2 | REVENUE FROM EXCHANGE AND NON-EXCHANGE TRANSACTIONS

	2017 Actual \$,000's	2017 Budget \$,000's	2016 Actual \$,000's
Non Exchange			
TCC Operational Grant	2,556	2,556	2,514
TCC Debt Serving Grant	520	520	520
TCC Capital/Maintenance Grant	35	-	1,127
TCC Renewal Funding	3,053	1,769	2,023
Aquatics	3,037	2,838	2,640
Indoor Facilities	1,241	1,469	1,098
Sundry	-	-	120
Childcare	279	249	256
Memberships	217	252	231
Total Non-Exchange	10,938	9,653	10,529
Exchange			
Memberships	1,764	1,557	1,673
Events and Catering	8,626	6,148	5,631
Other User Fees and Charges	2,805	3,012	2,418
Total Exchange	13,195	10,717	9,722
Total Exchange and Non-Exchange Revenue	24,133	20,370	20,251

Note 3 | OTHER REVENUE

	2017 Actual \$,000's	2017 Budget \$,000's	2016 Actual \$,000's
Rental	20	25	11
Dividends	31	16	32
Interest Received	52	-	120
Sponsorship	84	111	37
Total Other Revenue	187	152	200

Note 4 | EMPLOYEE EXPENSES

	2017 Actual \$,000's	2017 Budget \$,000's	2016 Actual \$,000's
Salaries and Wages	9,283	9,519	7,160
Defined contribution plan employer contributions (KiwiSaver)	248	-	169
Other personnel expense	288	313	269
Total Employee Expenses	9,819	9,832	7,598

Note 5 | **CONSULTING & GOVERNANCE EXPENSES**

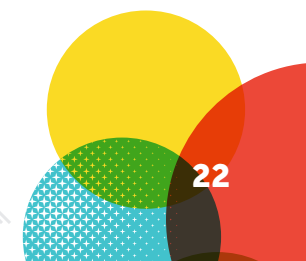
	2017 Actual \$,000's	2017 Budget \$,000's	2016 Actual \$,000's
Audit Fees	61	59	54
Consulting	165	174	76
Director Fees	245	245	239
TCC Shared Services	22	22	24
Tax Advisory	17	12	12
Total Consulting & Governance Expenses	510	512	405

Note 6 | **OPERATING EXPENSES**

	2017 Actual \$,000's	2017 Budget \$,000's	2016 Actual \$,000's
Costs of Good Sold	1,355	1,451	1,354
Catering Staffing	-	-	1,209
Electricity	871	859	876
Insurance	194	215	117
Other	4,888	2,189	2,389
Marketing	515	482	508
Total Operating Expenses	7,823	5,196	6,453

Note 7 | **DEPRECIATION & AMORTISATION EXPENSE**

	2017 Actual \$,000's	2017 Budget \$,000's	2016 Actual \$,000's
Buildings and Improvements	3,653	97	3,395
Intangibles	222	2	157
Office Furniture and Equipment	279	46	249
Plant and Equipment	1,625	180	1,446
Motor Vehicles	43	42	17
Total Depreciation & Amortisation Expense	5,822	367	5,264



NOTE TO THE FINANCIAL STATEMENTS

Note 8 | INCOME TAX EXPENSE/(BENEFIT)

	2017 Actual	2016 Actual
	\$,000's	\$,000's
a) Operational Surplus /(Deficit) before Taxation	(2,422)	(1,786)
Prima Facie Taxation at 28% (2016: 28%)	(678)	(500)
Non-deductible Expenditure	879	1,735
Non-taxable Income	(1,734)	(1,741)
Deferred Tax Adjustment	1,135	335
Taxation Expense/(Benefit)	(398)	(171)
Components of Tax Expense		
Current Taxation	-	-
Deferred Taxation Expense/(Benefit)	(398)	(171)
Taxation Expenses / (Benefit)	(398)	(171)
b) Deferred Tax Asset (Liability)		
<i>Property, plant and equipment</i>		
	Property & Plant Equipment	Employee Entitlement
	\$,000's	\$,000's
Balance at 30 June 2015	(14,111)	104
Charged to Surplus or Deficit	(76)	14
Balance at 30 June 2016	(14,187)	118
Charged to Surplus or Deficit	(1,219)	24
Balance at 30 June 2017	(15,406)	142
	Other Provisions	Tax Losses
	\$,000's	\$,000's
	21	4,124
	(14)	247
	7	(9,691)
	11	398
	18	(9,292)

Note 9 | CASH & CASH EQUIVALENTS

	2017 Actual	2016 Actual
	\$,000's	\$,000's
Cash	168	205
Total Cash & Cash Equivalents	168	205

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

Note 10 | INVENTORIES

	2017 Actual	2016 Actual
	\$,000's	\$,000's
Held for Distribution Inventories		
Chemicals at Cost	7	5
Held for Commercial Inventories		
Merchandise at Cost	109	106
Food & Beverages	178	170
Total Inventories	294	281

There is no write down of inventory during the year. No inventory is pledged as security for liabilities (2016 \$nil)

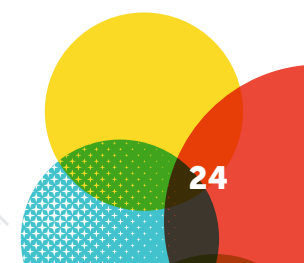
Note 11 | **DEBTORS AND OTHER RECEIVABLES**

	2017 Actual \$,000's	2016 Actual \$,000's
Trade Debtors	733	847
Accruals	123	67
Provision for doubtful receivables	(11)	-
Prepayments	76	91
Total Debtors & Other Receivables	921	1,005
Receivables from Non Exchange Transactions	338	528
Receivables from Exchange Transactions	583	477
Total Debtors & Other Receivables	921	1,005

	2017 Gross \$,000's	Impairment \$,000's	2017 Net \$,000's	2016 Gross \$,000's	Impairment \$,000's	2016 Net \$,000's
Trade & Related Parties Debtors						
Not Past Due	427	-	427	491	-	491
Aged Receivables: 31-60 days	170	-	170	79	-	79
Aged Receivables: 61-90 days	17	-	17	47	-	47
Aged Receivables: greater than 90 days	119	(11)	108	230	-	230
	733	(11)	722	847	-	847

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 - An impairment of \$11k was provided for at 30 June 2017. (2016: \$Nil)



NOTE TO THE FINANCIAL STATEMENTS

Note 12 | INTANGIBLE ASSETS

	Goodwill \$,000's	Computer Software \$,000's	Total \$,000's
COST			
Balance at 1 July 2015	566	924	1,490
Additions	-	310	310
Balance as at 30 June 2016	566	1,234	1,800
Balance at 1 July 2016	566	1,234	1,800
Additions	-	154	154
Balance as at 30 June 2017	566	1,388	1,954
ACCUMULATE AMORTISATION AND IMPAIRMENT			
Balance as at 1 July 2015	(566)	(305)	(871)
Amortisation charge 2016	-	(158)	(158)
Balance as at 30 June 2016	(566)	(463)	(1,029)
Balance as at 1 July 2016	(566)	(463)	(1,029)
Amortisation charge 2017	-	(222)	(222)
Balance as at 30 June 2017	(566)	(685)	(1,251)
CARRYING AMOUNTS			
As at 1 July 2015	-	619	619
As at 30 June 2016	-	772	772
As at 30 June 2017	-	703	703

There are no restrictions over the title of intangible assets. No intangible assets are pledged as security for liabilities.

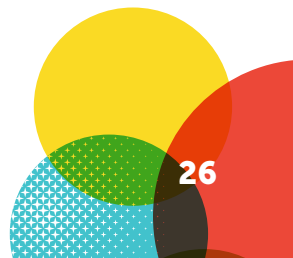
There was no redundant software written off during the year.

Note 13 | **PROPERTY, PLANT AND EQUIPMENT**

Bay Venues Ltd	2016 Cost/ Valuation \$,000's	2016 Accum Depr \$,000's	Opening Book Value \$,000's	2017 Asset Additions \$,000's	2017 Asset Disposals \$,000's	Current Deprn \$,000's	Cost Reval \$,000's	2017 Acum Deprn \$,000's	2017 Closing Book Value \$,000's
As at 30 June 2017									
<i>At Cost & Valuation</i>									
Land	-	-	-	585	-	-	585	-	585
Buildings & Improvements	103,787	(6,391)	97,396	2,738	-	(3,652)	106,526	(10,044)	96,482
Plant & Equipment	13,743	(2,330)	11,413	1,160	-	(1,625)	14,903	(3,955)	10,948
Office Furniture & Equipment	2,107	(1,068)	1,039	486	-	(279)	2,592	(1,347)	1,245
Motor Vehicles	310	(141)	169	67	-	(43)	378	(184)	194
SubTotal	119,947	(9,930)	110,017	5,036	-	(5,599)	124,984	(15,530)	109,454
Work in Progress	1,425	-	1,425	4,064	(5,037)	-	452	-	452
Total	121,372	(9,930)	111,442	9,100	(5,037)	(5,599)	125,436	(15,530)	109,906

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

Bay Venues Ltd	2015 Cost/ Valuation \$,000's	2015 Accum Depr \$,000's	Opening Book Value \$,000's	2016 Asset Additions \$,000's	2016 Asset Disposals \$,000's	Current Deprn \$,000's	Cost Reval \$,000's	2016 Acum Deprn \$,000's	2016 Closing Book Value \$,000's
As at 30 June 2016									
<i>At Cost</i>									
Buildings & Improvements	99,025	(2,996)	96,029	4,786	(24)	(3,395)	103,787	(6,391)	97,396
Plant & Equipment	11,785	(884)	10,901	2,001	(43)	(1,446)	13,743	(2,330)	11,413
Office Furniture & Equipment	1,637	(819)	818	473	(3)	(249)	2,107	(1,068)	1,039
Motor Vehicles	166	(124)	42	143	-	(17)	310	(141)	169
SubTotal	112,613	(4,823)	107,790	7,403	(70)	(5,107)	119,947	(9,930)	110,017
Work in Progress	1,207	-	1,207	7,931	(7,713)	-	1,425	-	1,425
Total	113,820	(4,823)	108,997	15,334	(7,783)	(5,107)	121,372	(9,930)	111,442



NOTE TO THE FINANCIAL STATEMENTS

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.

The most recent valuation was performed by a registered independent valuer, Mairi Macdonald of the firm Quotable Value Limited, and the valuation is effective 1 July 2014.

Restrictions

Bay Venues Limited 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 \$452,147 (2016 \$1,424,976).

Note 14 | OTHER INVESTMENTS - NON-CURRENT PORTION

Related Party Investments

Depreciation Investment

Total Other Investments – Non Current Portion

Bay Venues Limited transfer funds to Tauranga City Council to be held in a depreciation reserve to fund future renewals capital for Bay Venues Limited.

2017 Actual
\$,000's

2016 Actual
\$,000's

376

120

376

120

Note 15 | EMPLOYEE ENTITLEMENT LIABILITIES

Accrued Pay

Annual Leave

ACC Employer Contribution

Payroll Taxes

Total Employee Entitlements

2017 Actual
\$,000's

2016 Actual
\$,000's

316

238

507

421

63

24

72

57

958

740

Note 16 | **CREDITORS AND OTHER PAYABLES**

	2017 Actual \$,000's	2016 Actual \$,000's
Income in Advance	701	1,980
Trade & Other Payables	611	1,009
Accrued Expenditure	720	1,246
GST Payable/(Receivable)	4	(55)
Deposits & Bonds	35	29
Total Creditors & Other Payables	2,071	4,209
Payables from Non Exchange Transactions	1,067	3,097
Payables from Exchange Transactions	1,004	1,112
Total Creditors & Other Payables	2,071	4,209

Trade and other payables are non-interest bearing and are normally settled on 30 day terms, therefore the carrying value of trade and other payables approximates their value. There is a liability calculated by ASB Bank for our Credit Card Clearing account \$19,245 (2016: nil)

Note 17 | **BORROWINGS**

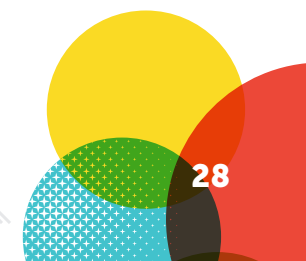
	2017 Actual \$,000's	2016 Actual \$,000's
Current Borrowings		
University of Waikato Adams Centre for High Performance	957	-
<i>The borrowing is secured over the University of Waikato Adams Centre for High Performance as per the loan agreement.</i>		
Non current Borrowings		
Loan from Tauranga City Council	11,248	9,357
Tauranga Energy Consumer Trust	691	652
Total Borrowings	11,939	10,009

Security - Tauranga City Council loan is unsecured. Tauranga Energy Consumer Trust loan is secured by way of security stock by Tauranga City Council. The Council's secured loans are secured over either separate or general rates of the Council.

Note 18 | **SHARE CAPITAL**

	2017 Actual \$,000's	2016 Actual \$,000's
(a) Fully paid ordinary shares		
Balance at Beginning of Financial Year	86,093	86,093
Capital Introduced Equity Injection	-	-
Reclassification of Capital	(1,861)	-
Total Closing Share Capital	84,232	86,093

- Fully paid ordinary shares carry one vote per share and carry the right to dividends.
- No ready market for these shares so recognised at cost.
- Bay Venues Limited also holds \$18,000,000 uncalled shares of \$1 per share.
- 84,232,000 ordinary shares at \$1 per share are fully paid out and carry the right to dividends per share.
- There has been a reclassification within equity, to reflect the shares on issue post amalgamation of BVL and Tauranga City Investments Limited. This change brings BVL's shareholding into alignment with TCC's investment in BVL.



NOTE TO THE FINANCIAL STATEMENTS

Note 19 | RETAINED EARNINGS

	2017 Actual \$,000's	2016 Actual \$,000's
Accumulated Funds		
Balance at 1 July	(18,345)	(16,580)
Surplus/(Deficit) for the year	(2,024)	(1,615)
Transfer to ASB Reserve	(150)	(150)
Transfer to School in Pool Reserve	60	-
Reclassification of Capital (note 18)	1,860	-
Balance 30 June	(18,599)	(18,345)

Note 20 | REVALUATION RESERVE

	2017 Actual \$,000's	2016 Actual \$,000's
Balance at 1 July	20,837	20,837
Net revaluation gains	-	-
Balance at 30 June	20,837	20,837

Note 21 | OTHER RESERVES

	2017 Actual \$,000's	2016 Actual \$,000's
Schools in Pools	-	60
ASB Naming Rights	681	531
Balance at 30 June	681	591

The Schools in Pools Reserve was 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 22 | CONTINGENCIES

Bay Venues Limited has no contingent liabilities at 30 June 2017 (2016: nil).

Bay Venues Limited has no contingent assets at 30 June 2017 (2016: nil).

Note 23 | **RECONCILIATION OF NET SURPLUS/ (DEFICIT) AFTER TAX TO NET CASHFLOW FROM OPERATING ACTIVITIES.**

	2017 Actual \$,000's	2016 Actual \$,000's
Net Surplus / (Deficit) from Statement of Comprehensive Income		
Add/(Deduct) Non-Cash Items	(2,024)	(1,615)
Depreciation / Amortisation plus Loss on Disposal + Revaluation gain	5,822	5,264
Add/(Deduct) Movements in Working Capital		
Movement in Trade and Other Receivables	86	35
Movement in Inventories	(13)	42
Movement in Employee Entitlements	218	66
Movement in Trade and Other Payables	(2,197)	1,630
Movement in GST Payable	59	339
Movement in Deferred Tax Asset	(398)	(171)
Net Cash from Operating Activities	1,553	5,590

NOTE TO THE FINANCIAL STATEMENTS

Note 24 | CAPITAL COMMITMENTS AND OPERATING LEASES

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

	2017 Actual \$,000's	2016 Actual \$,000's
Greerton Aquatic Centre Flatfloor Space	336	-
Arataki Community Centre Extension	3	-
Childcare Upgrade	55	-
Baywave Hydroslide Refurbishment	52	-
Mount Hot Pools Refurbishment	-	430
Baypark - Pavillion	9	519
Baypark Offices	-	14
Total Capital Commitments	455	963

Finance Leases as Lessee

The Company leases computer servers 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 finance leases are as follows:

	2017 Actual \$,000's	2016 Actual \$,000's
Not later than one year	102	-
Later than one year and not later than five years	55	-
Later than five years	-	-
Total Finance Leases as Lessee	157	-

Operating Leases as Lessee

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:

	2017 Actual \$,000's	2016 Actual \$,000's
Not later than one year	155	208
Later than one year and not later than five years	300	395
Later than five years	-	-
Total Operating Leases as Lessee	455	603

Operating Leases as Lessor

The Company provides leased office spaces in the normal course of its business. Signed lease agreements are in place for periods from 12 to 72 months.

	2017 Actual \$,000's	2016 Actual \$,000's
Not later than one year	375	279
Later than one year and not later than five years	1,057	994
Later than five years	819	392
Total Operating Leases as Lessor	2,251	1,665

No contingent rents have been recognised during the year (2016: nil)

Note 25 | 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.

	2017 Actual \$,000's	2016 Actual \$,000's
Transactions with Key Management Personnel		
Salaries and other Short Term Employee Benefits	942	900
Directors Fees and Travel	245	239
Total key management personnel remuneration	1,187	1,139
Total full-time equivalent personnel	7	7

Key management personnel include the Board of Directors, Chief Executive, Business Performance Manager, Commercial Manager, Venues & Programmes Manager, Strategy and High Performance Manager and Human Resources Manager. Director's 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.

There is an Independent chairperson serving on the University of Waikato Adams Centre for High Performance Advisory Board.

Note 26 | EXPLANATIONS OF MAJOR VARIANCES AGAINST BUDGET

Explanations for major variations from the budget figures in the 2016-17 Financial Statements are as follows:

Statement of Comprehensive Revenue and Expense

Operating costs include event costs relating to an event held at the ASB Arena. Operating revenue includes revenue relating to an event held at ASB Arena. As the event was secured after the adoption of the 16-17 budget, neither the revenue earned, nor the costs to deliver, were included in the adopted budget.

Depreciation expense funded by TCC is not included in the adopted budget.

NOTE TO THE FINANCIAL STATEMENTS

Note 27 | FINANCIAL INSTRUMENTS

(A) Financial Instrument Categories

Financial Assets

Cash & Cash Equivalents

168

205

Debtors and Other Receivables

845

914

Total Financial Assets

1,013

1,119

Financial Liabilities

Creditors and Other Payables

1,331

2,255

Borrowings – UoW Adams Centre Loan

957

-

Borrowings - TCC Loan

11,248

9,357

Borrowings – Tauranga Energy Consumer Trust

691

652

Total Financial Liabilities

14,227

12,264

(B) Financial Instrument Risks

Bay Venues Limited complies with Tauranga City Councils policies to manage the risks associated with financial instruments. Bay Venues Limited is risk averse and seeks to minimize exposure from its financial instruments. Bay Venues Limited 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.

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

(a) 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 Limited 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 Limited 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 Limited 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 Venues Limited'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 Limited is able to fix the New Zealand dollar amount payable for the delivery of these events.

(b) Credit Risk

Credit risk is the risk that a third party will default on its obligations to Bay Venues Limited, causing the company to incur a loss. In the

normal course of business, Bay Venues Limited 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 recognized provisions for losses on these financial instruments. No collateral is held.

Bay Venues Limited complies with Councils Treasury Policy which permits a minimum credit rating of A for registered banks and other organisations. At 30 June 2017 all financial instruments were held with the New Zealand registered trading banks which are rated AA--.

(c) Liquidity risk

Liquidity risk is the risk that Bay Venues Limited 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 Limited case, via funding through Tauranga City Council. Bay Venues Limited mostly manages liquidity risk by continuously monitoring forecast and actual cashflow requirements.

	2017 Actual \$,000's	2016 Actual \$,000's
Financial Assets		
Cash and Cash Equivalents	168	205
Debtors and Other Receivables	845	914
Total Financial Assets	1,013	1,119
Financial Liabilities		
Creditors and Other Payables	1,331	2,255
Borrowings - University of Waikato Adams Centre for High Performance Loan	957	-
Borrowings - TCC Loan	11,248	9,357
Borrowings - Tauranga Energy Consumer Trust – Adams Centre Loan	691	652
Total Financial Liabilities	14,227	12,264

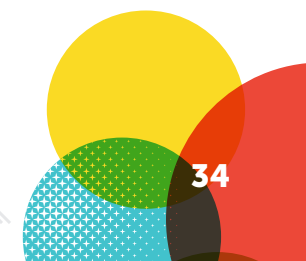
Note 28 | **EMPLOYEES REMUNERATION EXCEEDING \$100,000**

	2017 Actual \$,000's	2016 Actual \$,000's
\$100,000 - \$110,000	2	1
\$110,001 - \$120,000	1	2
\$120,001 - \$130,000	-	-
\$130,001 - \$140,000	-	-
\$140,001 - \$150,000	3	2
\$150,001 - \$160,000	1	-
\$160,001 - \$170,000	-	1
\$170,001 - \$180,000	-	-
\$230,001 - \$240,000	1	1
Total Number of Employees	8	7

Remuneration includes paid and payable at 30 June 2017

Note 29 | **EVENTS OCCURRING AFTER BALANCE DATE**

There are no adjusting events occurring after balance date.





ASB | ARENA

ASB | ARENA

STATUTORY DISCLOSURES

STATUTORY DISCLOSURES

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

Total Remuneration paid or payable

230,001 – 240,000

2017

1

2016

1

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

Director	Appointed Date	Resigned Date	Director Fees 2017 \$	Travel & Accommodation 2017 \$	Director Fees 2016 \$	Travel & Accommodation 2016 \$
Peter Farmer (Chair)	1 Apr 2013	Still a Director	55,000	-	55,000	-
Keith Tempest	1 Apr 2013	Still a Director	30,000	-	30,000	-
Shirley Carter (Baker)	1 May 2010	30 Jun 2017	30,000	-	30,000	-
Murray Gutry	1 Apr 2013	Still a Director	30,000	1,872	30,000	1,954
John Loughlin	1 Apr 2013	7 Dec 2016	20,462	5,830	30,000	8,043
Graeme Elvin	1 May 2010	30 Jun 2017	30,000	-	30,000	-
Dean Waddell	8 Jul 2013	29 Jun 2017	30,000	-	30,000	-

There were no Director Remuneration benefits paid in excess of \$100,000.






Donations

There were no donations made by the company during the period.

Interest Register

There have been no disclosures of self-interest during the year.

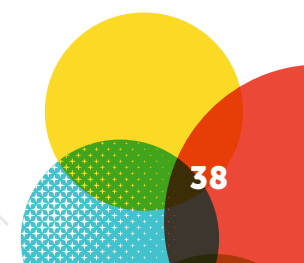
2016 - 2017 STATEMENT OF INTENT PERFORMANCE

 ACTIVITY	 TARGET	 WEIGHTING	 STATUS	 COMMENTS
STAFF HEALTH AND SAFETY	Decrease 2015/16 Lost Time Injuries (LTI) by 5% in 2016/17 for employees.	5 %		20% decrease achieved over the 2015/2016 year. 2015-2016: 5 LTI / 2016-2017: 4 LTI
CUSTOMERS HEALTH AND SAFETY	Decrease 2015/16 venue related injuries by 5% in 2016/17 for customers. <i>(Excludes exertion related injuries)</i>	5%	✓	14% decrease achieved over the 2015/2016 year. 2015-2016: 7 venue related injuries / 2016-2017: 6 venue related injuries.
ASSET MANAGEMENT	Rated on zero major service disruptions > 4 hours due to asset maintenance or operational deficiencies.	10%	✓	There have been zero major service disruptions over 4 hours due to asset maintenance or operational deficiencies.
CAPITAL EXPENDITURE	Rated on 80% of CAPEX projects > \$50k are on time and within budget, conditional on overall CAPEX is within budget.	5%	✓	82% of capex projects were delivered on time and within budget.
PEOPLE - PERMANENT STAFF	Staff Turnover below 28% per annum.	10%	✗	31.1% turnover achieved for all permanent staff. <i>27.5% turnover achieved for full-time staff.</i> <i>33.9% turnover achieved for part-time staff.</i>
CUSTOMER SATISFACTION	Rated on Customer Survey with > 85% rating satisfied or higher.	15%	✓	88% satisfied achieved in our annual customer satisfaction survey conducted by DELVE Research.
COMMUNITY OUTCOMES	Meet at least 85% of the TCC Services Agreement targets	20%	✓	BVL have achieved 97% of our service agreement targets. Achieving 33 of 34 performance objectives for this reporting period in conjunction with TCC. Two service agreement targets are due for completion by 31/12/2017 and these measures are not included in this report.
EVENTS	6 Major events at ASB Baypark Stadium 6 Major events at ASB Arena	10%	✓	<ul style="list-style-type: none"> ASB Baypark hosted 15 major events. (Over 3,000 pax) ASB Arena hosted 11 major events. (Over 2,500 pax)
FINANCIAL <ul style="list-style-type: none"> REVENUE EDITDA 	Achieve \$18,081,032 Achieve \$443,358	10% 10%	✓ ✓	Revenue: \$20,508m EBITDA: \$463,917

	15/16 ACTUAL (\$,000'S)	16/17 Budget (\$,000's)	16/17 ACTUAL (\$,000'S)
REVENUE	16,581	18,081	20,560
LESS COST OF GOODS SOLD	1,354	1,451	1,355
GROSS PROFIT	15,227	16,630	19,205
LESS OPERATING EXPENDITURE	14,886	16,187	18,742
EBITDA SURPLUS	341	443	463

NOTES:

- Includes TCC Community Outcome Subsidy for service and excludes TCC funding for depreciation, debt servicing and renewals. Excludes expenditure related to depreciation and debt servicing
- Revenue includes user fees and charges and other sundry revenue earned.
- Operating expenditure includes costs relating to employees, administration, marketing, governance, normal business operations and repairs and maintenance.
- Details on the results and variances to budget are reported within the Annual Financial Statements and notes.



To the readers of Bay Venues Limited's financial statements and performance information for the year ended 30 June 2017

The Auditor General is the auditor of Bay Venues Limited (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 his behalf.

Opinion

We have audited:

- the financial statements of the company on pages 13 to 35, that comprise the statement of financial position as at 30 June 2017, the statement of comprehensive income, 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 37 to 38.

In our opinion:

- the financial statements of the company on pages 13 to 35:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2017; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards Reduced Disclosure Regime.

- the performance information of the company on pages 37 to 38 presents fairly, in all material respects, the company's actual performance compared against the performance targets and other measures by which performance was judged in relation to the company's objectives for the year ended 30 June 2017.

Our audit was completed on 14 August 2017. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Basis for opinion

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

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

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

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

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

preparing the performance information for the company.

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

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

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

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the company's statement of intent.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We evaluate the appropriateness of the reported performance information within the company's framework for reporting its performance.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 1 to 11 and 36, but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the company in accordance with the independence requirements of the Auditor General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1(Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board. a

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*







**The growth and aspirations
of Tauranga and its citizens
will challenge Bay Venues to
ensure that its current and
future venues sustainably
reflect this growth
and aspiration.**

Peter Farmer - Chairman
Bay Venues Limited



INCORPORATING



BayCatering

BayAudioVisual

BayKids

BayActive

BaySwim

Enhancing the city of Tauranga by creating fantastic customer experiences