

Independent Auditor's Report

To the readers of Tauranga City Venues Limited's financial statements and statement of service performance for the year ended 30 June 2013

The Auditor-General is the auditor of Tauranga City Venues Limited (the company). The Auditor-General has appointed me, Clarence Susan, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and statement of service performance of the company on her behalf.

We have audited:

- the financial statements of the company on pages 5 to 24 that comprise the statement of financial position as at 30 June 2013, 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 statement of service performance of the company on pages 26 to 29

Qualified opinion – Comparative information

Reason for our qualified opinion

The audit opinion on the company's financial statements for the year ended 30 June 2012 was qualified because, prior to being recorded, control over the receipt of catering commission revenue and stadium revenue was limited and there were no satisfactory audit procedures that we could adopt to confirm independently that all catering commission revenue of \$26,000 and speedway revenue of \$536,000 was properly recorded. Catering commission revenue is included within the total of *Functions, Advertising and Sponsorship Revenue* of \$428,000 in note 2. Should there have been any misstatement of catering commission revenue and stadium revenue for the year ended 30 June 2012 then the comparative information in these financial statements could be correspondingly misstated.

Qualified opinion

In our opinion, except for the effects of the matter described in the "Reason for our qualified opinion" paragraph above:

- the financial statements of the company on pages 5 to 24:
 - comply with generally accepted accounting practice in New Zealand; and
 - give a true and fair view of the company's:

- financial position as at 30 June 2013; and
 - financial performance and cash flows for the year ended on that date; and
- the statement of service performance of the company on pages 26 to 29:
 - complies with generally accepted accounting practice in New Zealand; and
 - gives a true and fair view of the company's service performance achievements measured against the performance targets adopted for the year ended 30 June 2013.

Other legal requirements

In accordance with the Financial Reporting Act 1993 we report that, in our opinion, proper accounting records have been kept by the company as far as appears from an examination of those records.

Our audit was completed on 30 August 2013. This is the date at which our opinion is expressed.

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

Basis of opinion

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

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and statement of service performance. We are unable to determine whether there are material misstatements in relation to catering commission revenue and stadium revenue comparative information because the scope of our work was limited, as we referred to in our opinion.

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

An audit also involves evaluating:

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

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

In accordance with the Financial Reporting Act 1993, we report that we did not receive all the information and explanations we have required, although we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our qualified opinion.

Responsibilities of the Board of Directors

The Board of Directors is responsible for preparing financial statements and a statement of service performance that:

- comply with generally accepted accounting practice in New Zealand;
- give a true and fair view of the company's financial position, financial performance and cash flows; and
- give a true and fair view of its service performance.

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

The Board of Directors' responsibilities arise from the Local Government Act 2002 and the Financial Reporting Act 1993.

Responsibilities of the Auditor

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

Independence

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

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

A handwritten signature in black ink, appearing to read 'Clarence Susan', with a stylized flourish at the end.

Clarence Susan
Audit New Zealand
On behalf of the Auditor-General
Tauranga, New Zealand