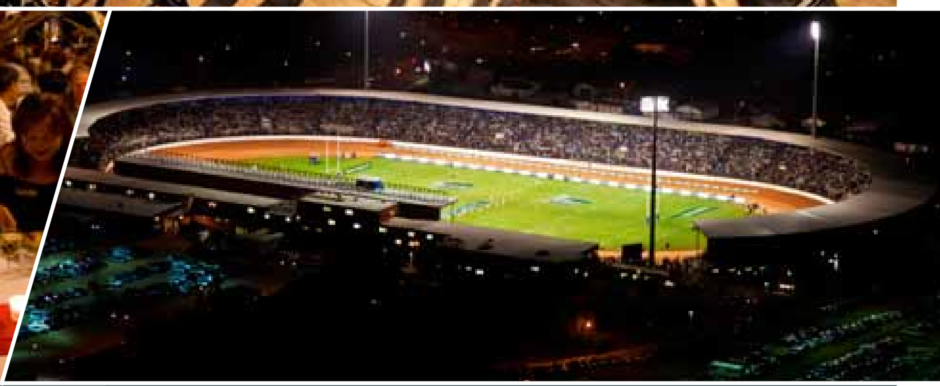
BAYPARK

where there's plenty going on



Financial Statements

FOR THE YEAR ENDED 30 JUNE 2011

CONTENTS

Chairman's Report

The last twelve months has been a challenging yet rewarding year for the organisation.

The continued sluggishness of the economy has impacted the business, as it has most businesses. This has required the Company to firmly focus on efficiency and effectiveness, while continuing to develop long term strategies for the future.

The TECT Baypark Arena has been a significant and obvious focus of the year, and the culmination of much work from previous years. Extensive preparation was required to ensure the project was completed and ready for its opening and operation on 25 August 2011. This entailed not only the physical work required but also organising planning and deploying the staff necessary for its efficient operation from opening day.

> "The needs of our community are our most important priority and equally, are the most demanding."

The addition of this $42 million TECT arena to the Company portfolio required a refocus on the business, business models and practical operation of the total venue.

As a result, the Board embarked on the development and refinement of a new strategic plan. The plan identified that for Baypark to be effective, the Company needed to be able to exercise more control over the venue and its key elements to maximise the benefit and potential of Baypark. To this end the Company negotiated and completed the purchase of the Speedway business. While this will increase revenues for the organisation, of equal importance will be the synergy it will allow in the timetabling of events.

With a review of the existing catering contract due to the fact that the existing contract did not cover the whole site, the co-ordination of catering for the entire venue was identified as another key area the organisation needed to exercise further control over. Much work has been undertaken during the year to finalise new catering arrangements, to secure again more influence over an area of our business that has a significant influence on people's experience of the venue.

Tougher trading conditions has required more attention being given to the provision of good experiences for our stakeholders and visitors. Corporate box revenues have been down but significant work has gone into lifting the quality of these properties and establishing good communication with box holders. Securing Speedway and refreshing catering assist this quality lift. The completion of the roof over the seating outside the corporate box area has been another important improvement completed this year; continuing to attract and provide quality events will also be important.

The addition of the new roof was a significant capital work completed with financial assistance from Tauranga City Council. The roof needed to be, and was, completed before the hosting of the Chiefs Canterbury Super 15 rugby game on 15 April 2011. Without a doubt, this game is the most prestigious rugby game to have been played at the Stadium and with a crowd of around 16,500 people, stretched the Baypark venue to its limits. Much valuable experience was gained and the success of the event has paved the way for the future regular hosting of Super Rugby games at Baypark.

The RWC 2011 hosting obligations assumed by Tauranga City Council resulted in a significant upgrade of the rugby turf during the year. It is hoped this will increase the ability to host other field based games at the Stadium in addition to rugby.

ITM Cup rugby, drive in movie shows, home shows, major hosted dinners, celebrations and other sports events remained regular fare at Baypark, while preparation for the Arena opening continued.

Scheduled events in the new financial year at the TECT Arena including the AIMS games, Meatloaf and the Breakers, will greatly promote Baypark and add to the attractiveness of Tauranga as a venue of choice. The possibility of the Phoenix playing at the Stadium is another boost. These events will all have a significant, positive economic benefit for the wider community.

The economic circumstances and Board aspirations has necessitated the continued development of strong relationships with Tauranga City Council. Both organisations have worked to understand and clarify their respective roles and responsibilities, but more importantly, to build relationship. The relationship between the Board and its shareholder is a strong one.

The needs of our community are our most important priority and equally, are the most demanding. We appreciate both their support and the constructive feedback. The success of our organisation and the benefits to our community are inexorably linked.

As a Board, we look forward to the opportunities the next year will bring, the success of these which will springboard off the ground work of this year.

To achieve such a significant body of work in the last year confirms that the Board functioned very effectively. The diverse skills of the Directors were utilised to the full. Their efforts should be acknowledged.

On behalf of the Board, I would also like to recognise Ervin McSweeney and the staff, and thank them for their outstanding contribution.

Graeme Elvin

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 Actual ($000's)	2011 Budget ($000's)	2010 Actual ($000's)
Operational Revenue				
Functions, Advertising and Sponsorship Revenue	2	680	956	751
Other Revenue	3	5,115	517	2,283
Total		5,795	1,473	3,034
Operational Expenditure				
Other Expenditure	4	2,100	1,703	1,824
Depreciation	5	331	360	311
Total		2,431	2,063	2,135
Operational Surplus / (Deficit) before taxation		3,364	(590)	899
Taxation Expense/(Benefit)	6	(166)	0	2,556
Operational Net Surplus / (Deficit) after taxation		3,530	(590)	(1,657)
Other Comprehensive Income				
Revaluation of Property, Plant and Equipment		0	0	0
Taxation on Other Comprehensive Income		0	0	12
Total Comprehensive Income for the period		3,530	(590)	(1,645)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011

	Share Capital	Retained Earnings	Revaluation Surplus	Total Equity
Balance as at 1 July 2009	2,000	(1,001)	627	1,626
Capital Introduced during the year	0	0	0	0
Total Comprehensive Income for the year	0	(1,657)	0	(1,657)
Tax on Equity	0		12	12
Balance at 30 June 2010	2,000	(2,658)	639	(19)
Changes in Equity for 2011				
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

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

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011

	Note	Actual 2010/2011 ($000's)	Actual 2009/2010 ($000's)
Assets			
Current Assets			
Cash and Cash Equivalents	7	25	24
Trade and Other Receivables	8a	366	106
Total Current Assets		391	130
Non Current Assets			
Property, Plant and Equipment	18b	12,742	12,256
Intangible Assets	18b	588	0
Loan to Tauranga City Council (TECT Funding)	8b	6,276	2,004
Total Non Current Assets		19,606	14,260
Total Assets		19,997	14,390
Liabilities			
Current Liabilities			
Trade and Other Payables	11	347	216
Loan from Tauranga City Council	13	2,996	1,531
Redeemable Preference Shares	13	2,000	2,000
Total Current Liabilities		5,343	3,747
Non Current Borrowings			
Redeemable Preference Shares	13	4,000	6,000
Loan from TCC	13	4,647	2,000
Deferred Tax Liability	6c	2,496	2,662
Total Non Current Liabilities		11,143	10,662
Total Liabilities		16,486	14,409
Net Assets		**3,511**	**(19)**
Equity			
Share Capital	14	2,000	2,000
Revaluation Reserve		639	639
Retained Earnings	15	872	(2,658)
Total Equity		**3,511**	**(19)**

Graeme Elvin - Chairman
Date: 29 September 2011

Rex Pollock - Director
Date: 29 September 2011

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

STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 30 JUNE 2011

	Note	2010/2011 ($000's)	2009/2010 ($000's)
CASHFLOWS FROM OPERATING ACTIVITIES			
Functions, Advertising and Sponsorship Revenue		457	718
Other Revenue		4,579	2,246
Payments to Suppliers and Employees		(1,109)	(1,485)
Interest Paid on RPS		(293)	(325)
Tax Paid		0	0
NET CASH FROM OPERATING ACTIVITIES	10	3,634	1,154
CASHFLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	18b	(1,435)	(95)
NET CASH FROM INVESTING ACTIVITIES		(1,435)	(95)
CASHFLOWS FROM FINANCING ACTIVITIES			
Loan from Tauranga City Council - Working Capital		1,701	926
Loan from Tauranga City Council - Repay Clarkson's Dividend		2,000	2,000
Pay RM & CM Clarkson - Dividend due 01.07.10		(2,000)	(2,000)
Proceeds from Borrowings		0	0
Loan to TCC (TECT Funding)		(3,898)	(2,004)
NET CASH FROM FINANCING ACTIVITIES		(2,197)	(1,078)
NET INCREASE/(DECREASE) IN CASH		1	(18)
CASH AT THE BEGINNING OF THE YEAR		24	42
CASH AND CASH EQUIVALENT AT THE END OF THE YEAR	7	25	24

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.

NOTES TO THE FINANCIAL STATEMENTS

1 STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2011

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. The last three years reporting has been for a full 12 months (30 June 2009, 30 June 2010 and 30 June 2011).

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 2011. The financial statements were authorised for issue by TCVL Directors on 29 September 2011.

BASIS OF PREPARATION

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

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

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

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

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

REVENUE RECOGNITION

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

- Leases

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

TAXATION

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

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years.

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

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

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

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

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

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

GOODS & SERVICES TAX

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

PROPERTY, PLANT & EQUIPMENT

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

	Non Infrastructural Assets	Useful Life (Years)	Depreciation Method
	Land	N/A	N/A
	Buildings	50-100	SL
	Improvements	20-25	SL
	Intangible Assets	10	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 8-20 years to 3-20 years

Depreciation and amortisation

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

Valuation

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

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

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

Additions

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

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value when control over the asset is obtained.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the statement of comprehensive income.

INTANGIBLE ASSETS

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

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

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

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

Computer Software	3 years	33%

LEASES

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

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

CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

TRADE AND OTHER RECEIVABLES

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

STATEMENT OF CASHFLOWS

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

Cash

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

Operating Activities

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

Investing Activities

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

Financing Activities

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

BORROWING POLICY

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

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In preparing these financial statements TCVL has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

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

2 FUNCTIONS, ADVERTISING AND SPONSORSHIP REVENUE

	Actual 2011 ($000's)	Actual 2010 ($000's)
Corporate Box Rentals	253	272
* Caterers Revenue and Commissions	143	155
Event Centre Functions	50	91
Naming Rights	0	0
Perimeter and Billboard Advertising	72	73
Rugby Game Revenue	26	26
Speedway Revenue	136	134
	680	751

* TCVL have little control over the receipt of $143,281 of catering commission.

3 OTHER REVENUE

	Actual 2011 ($000's)	Actual 2010 ($000's)
Rentals (incl Pavilions)	101	99
Interest	501	158
Sundry Events	104	26
Grants	4,409	2,000
	5,115	2,283

4 OTHER EXPENDITURE

	Actual 2011 ($000's)	Actual 2010 ($000's)
Administration	112	88
Audit	18	18
Bad Debts	4	2
Provision for Doubtful Debts	(4)	(5)
Caterers Expense	0	0
Consultants and Directors Fees	52	40
Donations	0	40
Employee Costs	581	460
Operating Costs	398	397
Loss on Disposal of Assets	31	0
Maintenance	79	109
Interest on RPS	418	477
Interest Paid	411	198
	2,100	1,824

5 DEPRECIATION

	Actual 2011 ($000's)	Actual 2010 ($000's)
Buildings and Improvements	269	264
Plant and Equipment	40	33
Office Furniture and Equipment	8	5
Motor Vehicles	11	9
Software	0	0
Intangible Assets	3	0
	331	311

6 TAXATION

	2011 ($000's)	2010 ($000's)
a) **Surplus/(Deficit) before Taxation**	3,364	899
Prima Facie Taxation at 30%	1,009	270
Plus (less) tax effect of:		
Non-deductible expenditure	127	99
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	(1,673)	(600)
Tax rate adjustment	2	(178)
Deferred Tax Adjustment	369	2,965
Taxation Expense/(Benefit)	(166)	2,556
Represented As:		
Current Taxation	0	0
Deferred tax on temporary difference	0	2,734
Deferred tax on adjustment for deduction in tax rate	2	(178)
Deferred taxation expense/(benefit)	(168)	0
	(166)	2,556

TCVL received a gross distribution of $5,573,240 from Tauranga Energy Community Trust - TECT. This has been treated as taxable income to TCVL and accordingly TCVL have claimed imputation credits in respect of this amount.

The current year tax calculation shows tax payable of $1,401,743 which has been fully offset by the imputation credits received from TECT.

	2011 ($000's)	2010 ($000's)
b) Imputation Account (Group)		
Opening balance 1 July	1,213	511
Resident Withholding Tax	0	0
Imputation Credits received - TECT	1,673	858
Less Tax Refunds	0	0
Imputation credits attached to dividends	(125)	(156)
Closing balance at 30 June	2,761	1,213

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

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

	Property, Plant & Equip	Other Provisions	Tax Losses	Tax Rate Adjust	Total
c) Deferred Tax Liability					
Balance as at 30 June 2009	(175)	0	57	0	(118)
Charged to income	(2,779)	5	218	0	(2,556)
Charged to equity	12	0	0	0	12
Balance 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)

7 CASH AND CASH EQUIVALENTS

	2011 ($000's)	2010 ($000's)
Cash	25	24
	25	24

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.

8a TRADE AND OTHER RECEIVABLES

	2011 ($000's)	2010 ($000's)
Accrued Income	7	3
Prepayments	5	14
Trade and other Receivables	154	88
GST	198	0
RWT	2	1
	366	106

The status of receivables as at 30 June 2011 as detailed as follows:

	2011			2010		
	Gross	Impairment	Net	Gross	Impairment	Net
Receivables						
Not past due	23	0	23	48		48
Past due 1-60 days	76	0	76	30		30
Past due 61-90 days	39	0	39	4		4
Past due > 90 days	5	0	5	11	(5)	6
	143	0	143	93	(5)	88

8b TRADE AND OTHER RECEIVABLES

	2011 ($000's)	2010 ($000's)
Loan to TCC (TECT Funding)	6,276	2,004
	6,276	2,004

9 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 2011 (NIL, 2010).

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

	2011 ($000's)	2010 ($000's)
Net Surplus / (Deficit) from Statement of Comprehensive Income	3,364	899
Add / (Deduct) Non Cash Items		
Depreciation	331	311
Loss on Disposal of Assets	31	0
* Interest Expense	410	0
* Interest Income	(374)	0
Add / (Deduct) Movements in Working Capital		
Decrease / (Increase) in Trade and Other Receivables	(260)	(30)
Increase / (Decrease) in Trade and Other Payables	132	(25)
Net Cash from Operating Activities	3,634	1,155

* 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 a non 'cash' item.

11 TRADE AND OTHER PAYABLES

	2011 ($000's)	2010 ($000's)
Trade and Other Payables		
Accrued Expenditure	89	61
Trade and Other Payables	59	33
Income in Advance - Corporate Box, Signage	111	99
Employee Accruals	88	20
GST	0	3
Total Trade and Other Payables	347	216

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

12 RELATED PARTY TRANSACTIONS

	2011 ($000's)	2010 ($000's)
Tauranga City Council		
(Shareholder of TCIL who wholly owns TCVL)		
Interest Received - TCC	373	4
Interest Paid - TCC	410	198
Loans Repaid	205	88
Loans Received	3,908	2,816
Loan to TCC	3,900	2,000
Grant from TCC	509	0
Tauranga City Venues Ltd		
Administration Services Provided		
Grant Seagar - Hartford Capital Ltd	0	88
John Adshead - John Adshead Promotions Ltd	1	71
Graeme Elvin - McKenzie Elvin Barristers and Solicitors	13	0
Operating Services Provided		
Rex Pollock - Pollock and Sons Crane Hire Ltd	3	4
Capital Costs		
Tony McCartney - CPG New Zealand Ltd	0	34
Operating Services Provided		
Tony McCartney - CPG New Zealand Ltd	0	12
Charged to TCC		
Miscellaneous Charges	5	15
Revenue Funds Received From		
Rex Pollock - Pollock and Sons Crane Hire Ltd	23	0

13 BORROWINGS

	2011 ($000's)	2010 ($000's)
Borrowings		
Loan from Tauranga City Council	7,643	3,531
RM & EM Clarkson Family Trust Partnership - Redeemable Preference Shares	6,000	8,000
Total Borrowings	13,643	11,531
Less Current Borrowings	4,996	3,531
Total Non-Current Borrowings	8,647	8,000

Loan from Tauranga City Council

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

After initial recognition it is on demand. However, TCC have provided TCVL with a letter to say that borrowings of $4,647 will not be called on within the next year. Therefore this portion of the loan has been included as a non current liability.

Security

The loan from TCC is unsecured.

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 and have been paid.

Future installments are due on 1 July 2011, 1 July 2012 and the final maturity on 1 July 2013.

The interest paid on RPS for the year ending 30 June 2011 was $292,458 (2010: $324,460), imputation credits paid in relation to these shares was $125,339 (2010: $152,667). 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 2011.

14 SHARE OF CAPITAL

	2011 ($000's)	2010 ($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.

15 RETAINED EARNINGS

	2011 ($000's)	2010 ($000's)
Retained Earnings Opening Balance	(2,658)	(1,001)
Surplus / (Deficit) after Tax	3,530	(1,657)
Total Retained Earnings	872	(2,658)

16 CAPITAL MANAGEMENT

TCVL's capital is its equity, which comprises TCVL capital and retained surpluses. Equity is represented by net assets.

TCVL's deed requires the Board of Directors to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently. The equity is largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments and general financial dealings.

The objective of managing TCVL's equity is to ensure that TCVL effectively achieves its objectives and purpose, whilst remaining a going concern.

17 SIGNIFICANT EVENTS AFTER BALANCE DATE

$2m of Redeemable Preference Shares were paid to RM & ME Clarkson Family Trust Partnership on 1 July 2011.

TECT have allocated to Tauranga City Venues Ltd a $6m grant towards the funding of the new Sports and Event Centre. As at balance date $5.9m of the grant had been received plus a further $100k in Sponsorship was due on completion of the building.

The Sports and Event Centre that commenced building in January 2010 is currently being funded by Tauranga City Council. Ownership of the building was expected to transfer to Tauranga City Venues Ltd on completion in August 2011 but the date is still yet to be determined.

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

18a ACQUISITION OF BAYPARK ASSETS

Tauranga City Venues Ltd (TCVL) was established to purchase Baypark assets and further develop the site to include a new indoor sports and exhibition centre.

TCVL was incorporated on 28 June 2007 and commenced trading on 19 September 2007.

The company is wholly owned by Tauranga City Investments Ltd which is in turn, wholly owned by Tauranga City Council.

Name of Business Assets 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
				12,000

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		12,000
	12,000		12,000

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

18b ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT

	2010					2011						
	Asset Additions ($000's)	Accum Depn & Amort ($000's)	Asset Depn Write Back ($000's)	Reval Surplus ($000's)	Cost Reval ($000's)	Opening Book Value ($000's)	Asset Additions ($000's)	Assets Disposed ($000's)	Asset Depn Written Back ($000's)	Current Depn & Amort ($000's)	Accum Depn & Amort ($000's)	Closing Book Value ($000's)
At Valuation												
Buildings & Improvements	12,325	(529)	0	0	11,796	11,796	716	(31)	0	(269)	(798)	12,212
Plant & Equipment	489	(97)	0	0	392	392	81	0	0	(40)	(136)	433
Office Furniture & Equipment	44	(12)	0	0	32	32	3	0	0	(8)	(20)	27
Motor Vehicles	57	(21)	0	0	36	36	44	0	0	(11)	(31)	69
Software	0	(1)	0	0	(1)	0	0	0	0	0	(1)	0
Intangible Assets	0	0	0	0	0	0	591	0	0	(3)	(3)	588
	12,915	(660)	0	0	12,255	12,256	1,435	(31)	0	(331)	(989)	13,329

The Baypark Stadium was valued by registered Valuer Quotable Value NZ Limited, as at 30 June 2008.

The revaluation of these assets has been postponed from year end 30 June 2011, to 30 June 2012 to bring into line with TCC revaluations.

KEY PERFORMANCE INDICATORS

ACTUAL TO JUNE 2011

	Objectives for 2010/2011	Strategies	Performance Targets	YTD Actual Performance to June 2011
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.	• Comply with our adopted Statement of Intent.	100%	100%
		• That TCVL operates at no cost to the rate payers and that Council notes that the financial projections indicate that this will take three years to achieve.	100%	100%
2	Operate the facilities within its control so that the company meets all its financial and non financial requirements.	**FINANCIAL TARGETS**		
		Business and Strategic Monitoring		
		• To implement year two of a year five year strategic plan.	100%	The Board and General Manager have developed a new long term strategic plan in 2010/2011.
		• To achieve and or exceed the annual plan targets.	100%	Achieved
		• Grow revenue and operating surplus each year for the next four years.	Revenue - 10% p.a. Operating Surplus -5% p.a.	Achieved – 97% Increase. Achieved – 154% Increase.
		Financial Contract Monitoring		
		• To develop an annual business plan with achievable goals and an approved budget.	100%	Achieved.
		• Monitor each of TCVL's direct control financial centers to ensure the forecast revenue and cost budget targets are met.	Direct Control Revenue: $1,052,500 Other Revenue: $420,000 Operating Cost: $1,050,000 Net Surplus Before Borrowing Costs: $422,500	Direct Control Revenue: $5,364,611 Other Revenue: $305,266 Operating Cost: $1,271,231 Net Surplus Before Borrowing Costs: $4,398,645
		• Monitor the financial centers not under TCVL's direct control to identify opportunity for improvement.	Proactively engage with the owners of the non controlled centers to improve performance.	Meetings held with Onsite Catering, Baypark Speedway Promotions Ltd, and BOPRU.
		• Report on all financial data including variance's and forecasts	100% compliance with reporting environment.	Achieved on monthly basis to Board, and quarterly to Shareholders.

Objectives for 2010/2011	Strategies	Performance Targets	YTD Actual Performance to June 2011
	NON FINANCIAL TARGETS		
	Quality Assurance and Safety		
	• 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 ensure that all contracted parties are conversant with the QA system.	Achieved.
	• TCVL will commission annual independent operational audits of its facilities.	Annual audits completed. 100% compliance with the Quality assurance provisions of the relevant contract conditions	Audits of Baypark performed by CSI and Building Warrants issued annually.
	• 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.	100% compliance with the Health and Safety and/or maintenance provisions of the relevant contract conditions. Annually completed.	New Fire Plans in place by CSI. All equipment requiring regular maintenance/servicing is completed in accordance with contract.
	Marketing		
	• TCVL will be required to maintain the marketing and promotion plan for all other activities undertaken on the site. Further TCVL will monitor the measurable components of the plan to ensure management is maximizing the effectiveness of its marketing spend.	TCVL will prepare an annual marketing plan and constantly monitor the results.	Draft Marketing and Communications Plan completed and presented to Board for approval. To be implemented in 2011/2012 year.
	Customer Satisfaction and Service		
	• TCVL will undertake annual independent surveys to monitor customer satisfaction and business performance.	75% satisfaction rate. TCVL will undertake one survey during each of the speedway and rugby seasons.	Drivers Surveys showed 75% satisfaction with Baypark as speedway venue. Public Satisfaction survey not completed at Speedway due to rainout and not completed at Rugby due to cost.
	• TCVL will ensure there is a complaints process maintained and any customer complaint will be acted upon within five working days of identification/lodgement.	Annual operational audits monitor a sample of customer service documents to ensure contractual obligations.	100% Achieved.
	• TCVL will ensure all contracted agencies meet all their obligations under the terms of the agreement.	100% compliance.	Achieved.
	Risk Management		
	To develop risk management strategies in our key business areas.	Completed by December 2010 and reviewed quarterly.	In progress due to expanded business operations. Completion date now December 2011.

	Objectives for 2010/2011	Strategies	Performance Targets	YTD Actual Performance to June 2011
3	Review and if appropriate adopt any relevant business practices that would enable the company to better meet its objectives.	• Undertake an annual joint governance and operational strategy workshop.	Complete by December 31st each year.	Achieved.
		• To identify any facility and service enhancements and conduct feasibility and business plans for such improvements.	Completed as required.	Business case for improved business opportunities achieved.
4	Ensure the effective and efficient management of Assets within its control so as to achieve the optimum financial results within the policy requirements of its shareholders.	**Asset Management**		
		• 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.	TCVL will ensure that all maintenance scheduled in the Asset Management Plan is undertaken each year.	All maintenance as budgeted was completed.
			TCVL will ensure that all capital and renewals program is undertaken within each year.	Any capital items were dealt with as necessary. Improvements included the new roof over the corporate area.
5	Manage and monitor the contractual relationships, so as to drive optimum benefit to the company and its stakeholders.	• TCVL will ensure they receive regular performance reports and discuss the outcome of those reports with all contracted parties.	100% compliance with contracted conditions.	General Manager and Business Manager regularly in contact with contracted parties regarding performance.
			Documented reports and consultative meetings.	Achieved.
		• To transform current contractual relationships into partnerships that assist in enhancing and developing our facilities.	Annual Partnering workshops with all contracted parties.	Current contracts are under review and renegotiation.
			Clearly report demonstrable strategic benefits to both parties.	Strategic benefits where increased revenue and improved decision making occurred for venue.
6	Develop strategic plans for both short and long term operation of the facilities.	• TCVL will develop an annual plan that meets the companies' mission statement.	Completed and reviewed annually.	Achieved.
		• TCVL will develop a Strategic Plan that meets the companies' mission statement.	Completed and reviewed annually.	Achieved.
7	To keep all stakeholders informed of the performance of the company.	To implement and maintain communication procedures to ensure all stakeholders are provided with appropriate and timely information on the operation of all facilities under TCVL control.	All communication strategies completed.	Draft communications strategies presented to Board for approval.

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

STATUTORY DISCLOSURES

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

Transactions involving self-interest have been disclosed in the interests register during the period.

Please refer to Note 12.

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

Director	Start Date	End Date	Fees Accrued	Fees Paid
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 $17,690 in Financial Audit Fees during the year, and accrued $18,000 for the year ended 30 June 2011 audit.

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of Tauranga City Venues Limited's financial statements and performance information for the year ended 30 June 2011

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 performance information of the company on her behalf.

We have audited:

- the financial statements of the company on pages 4 to 21 and page 25, that comprise the statement of financial position as at 30 June 2011, 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 22 to 24.

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

Reason for our qualified opinion

Prior to being recorded, control over the receipt of $62,000 (2010 $69,000) of catering commission revenue, which is included within the total of caterers revenue and commissions of $143,000 (2010 $155,000) in note 2, is limited. There are no satisfactory audit procedures that we could adopt to confirm independently that all catering commission revenue was properly recorded.

Qualified opinion on the financial statements

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 4 to 21 and page 25:

- comply with generally accepted accounting practice in New Zealand;
- give a true and fair view of the company's:
  - financial position as at 30 June 2011; and
  - financial performance and cash flows for the year ended on that date.

Opinion on the performance information

In our opinion, the performance information of the company on pages 22 to 24:

- o complies with generally accepted accounting practice in New Zealand; and
- o 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 2011.

Opinion on 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 29 September 2011. 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 performance information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and performance information. We were unable to determine whether there are material misstatements in the financial statements 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 performance information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and performance information whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the company's preparation of the financial statements and performance information 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 performance information; and

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

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and performance information. In accordance with the Financial Reporting Act 1993, we report that we did not receive all the information and explanations we required. We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our unmodified audit opinion on the performance information and our qualified audit opinion on the financial statements.

Responsibilities of the Board of Directors

The Board of Directors is responsible for preparing financial statements and performance information 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 performance information that are free from material misstatement, whether due to fraud or error.

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 performance information 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 New Zealand Institute of Chartered Accountants.

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

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

BAYPARK
where there's plenty going on

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