

Tauranga City Aquatics Limited

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

CONTENTS

Chairperson's Report	2
Chief Executive Officer's Report	4
Statement of Comprehensive Income	8
Statement of Changes in Equity	9
Statement of Financial Position	10
Statement of Cashflows	11
Statement of Accounting Policies	12
Notes to the Financial Statements	18
Statutory Disclosures	29
Statement of Intent Performance	30

CHAIRPERSON'S REPORT

TCAL has been operating the aquatics network for six years, and this is the third full year of directly managing the operations and service delivery of five aquatic and leisure facilities.

The Mount Hot Pools has been a focus for the board over the past year, with the emergency works being carried out due to leaking pipes underground. Refurbishment of the hot pools is being currently carried out at a lower level that was planned under the redevelopment that was lost to resource consent. This is such an iconic site and one that we are proud to have in our network.

Greerton Pools continue to provide a facility for squads, learn to swim and general public. It is currently undergoing some much needed painting and maintenance. Clubfit at Greerton is the smaller of the gym facilities. It is well utilised however we would like to make this facility more accessible to more people.

Otumoetai is predominately used by Otumoetai Swim Club (OSC) and Otumoetai College 26,800 visits, with some 21,000 visits per year by the public. Currently in the 10 year plan is the option to vest this pool to OSC and discussions have commenced around the viability and interest in this option. Whilst not in the 10 year plan, the board recognise that a new facility in Tauranga West will be required in the future.

Memorial Pool is the only outdoor pool within our network. Open from October to April, this is a fantastic location and it attracts 25,200 visits during its season. Strategically there is plenty of scope at this facility and the board will be focusing on what we can utilise here going forward to make this a year round facility.

Baywave attracts 275,000 aquatic user visits per year. A destination facility with the wave pool, hydroslide, learn to swim pool and training pool. Future developments in the 10 year plan include a 2nd hydroslide, children's water play area and movable floor in the Learn to Swim pool. The improvements will provide additional accessibility, variety and improved lane space during peak times as well as providing a refresh of the facility. It will also provide activities for families of all age groups.

ClubFit is a premium gym at Baywave. We are currently waiting the arrival of new cardio equipment and this will provide additional benefits to members with the improvements in technology.

We are proud to see the achievements that the high user groups are obtaining at regional and national level – swimming, water polo and synchronised swimming. It is pleasing to see the rewards of the hard work they put into their training. There is never enough water space to accommodate all the squads and user groups and in peak the periods of seasons, we can only accommodate 50% of their requirements at some facilities.

A new initiative this year in conjunction with Sport Bay of Plenty and Swimming NZ was schools in pools through the go for it programme. We delivered this program to 1,400 children in 16 schools. It involves 10 lessons for each child, monitoring their swimming ability throughout. This is set to increase next year and is such an important skill to be taught, especially in our Region with beaches on our door step.

Understanding the condition of our facilities is important. To this end we have completed an Asset Management Plan and will continue to work with TCC to ensure assets are monitored and scheduled works completed.

Warren Banks and Michael King resigned in September 2011. Michael King has been involved with TCAL since its inception and has provided a wealth of industry knowledge to our business which was invaluable. Warren Banks was Chairman and led the board through the difficult economic times

including the hot pools redevelopment. My appreciation and thanks to them both for their dedication and work during their terms.

Hemi Rolleston joined the Board in April 2011 and resigned in May 2012.

Ken Paterson, TCC CEO was appointed to the board in September 2011 and remained a Director until his sudden passing in June 2012. Ken was leading the CCO Review and was also part of the TCAL review that commenced in January 2012. Ken showed a passion and enthusiasm to learn and contribute to the ongoing business development of TCAL.

Councillors David Stewart, Wayne Moultrie and Larry Baldock were appointed to the Board in February 2012. They have shown a very keen interest to understand the business and their support of TCAL and the staff has been appreciated.

The board have undertaken a review, as resolved by TCC, of the delivery of its operations and maintenance. This has involved a Request for Proposal process and evaluating the outcomes of this with the status quo operation as an option. This process is currently paused until the TCC CCO review has been completed.

The board wish to acknowledge the CEO, Tania Delahunty and the staff of TCAL. It has been an unsettling time throughout the review and the staff have continued to met targets, service customers and maintain a level professionalism, loyalty and commitment to TCAL that can only come from their passion for the industry and the organisation. Thank you.

We also wish to acknowledge the assistance and support we have received from our Shareholder, Council staff and Elected Members. We will continue to work collaboratively together to meet the goals and needs of our Community.



Shirley Baker
Chairperson

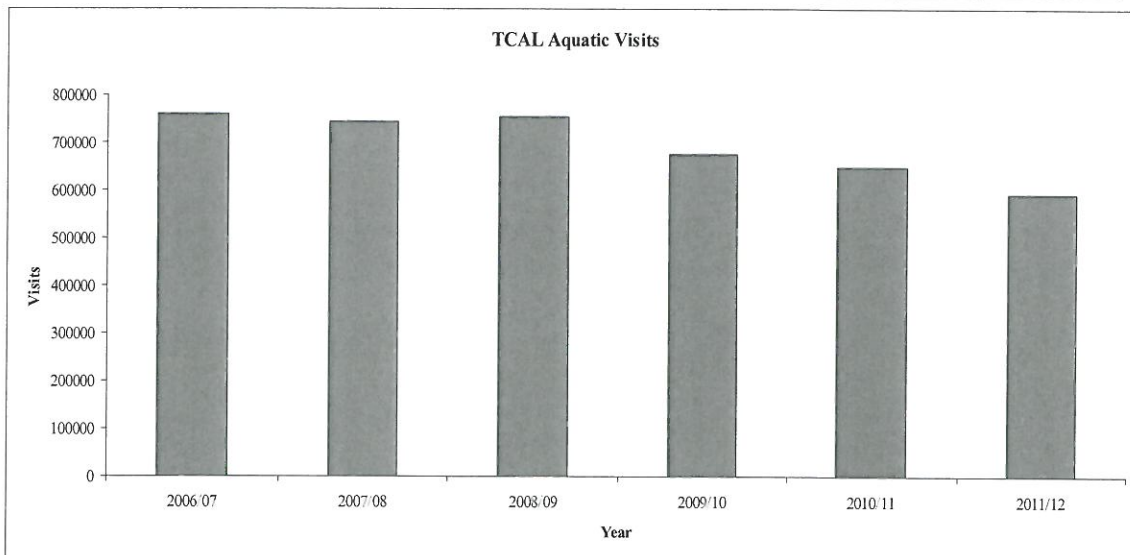
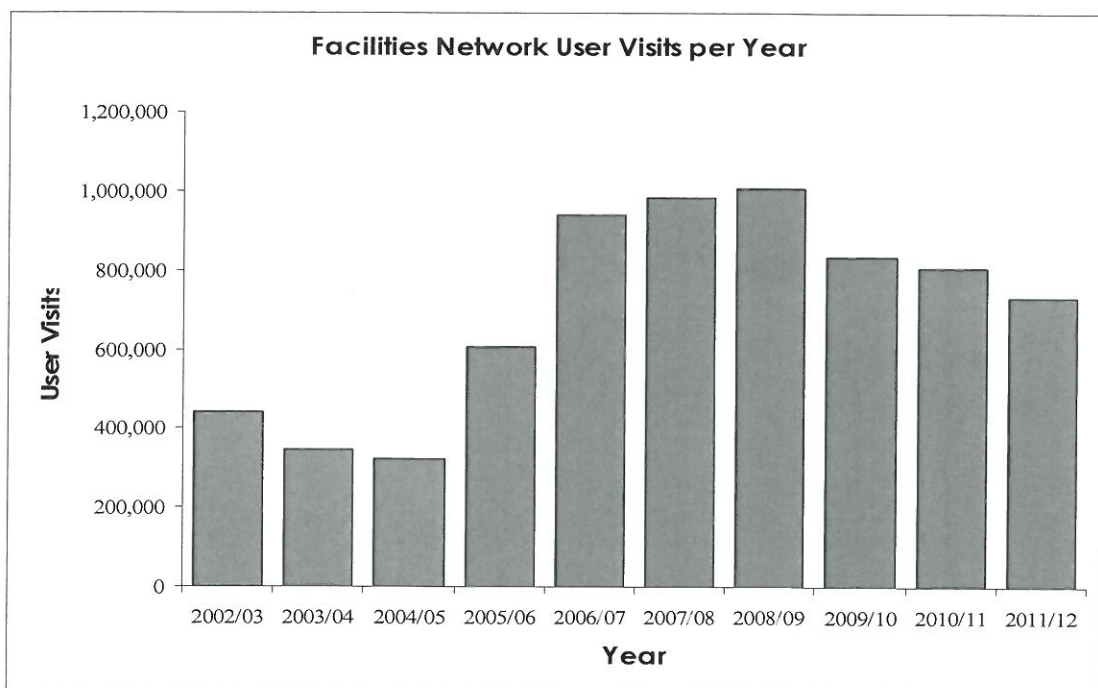
CHIEF EXECUTIVE OFFICER'S REPORT

Tauranga City Aquatics Limited (TCAL) was formed in 2005 and has managed the aquatics network, on behalf of Tauranga City Council (TCC), since 29 June 2009 after taking over from Leisure Co (LCNZ). LCNZ was subsequently placed in liquidation on 13 July 2009. These reports represent TCAL's sixth full year of trading.

Operations

Included in the network of Aquatic & Leisure facilities are Baywave TECT Aquatic & Leisure Centre, Greerton Aquatic & Leisure Centre, Mount Maunganui Hot Salt Water Pools, Memorial and Otumoetai Pools. Along with this TCAL also operate two health clubs being Clubfit Baywave and Clubfit Greerton.

User visits across the network decreased slightly from the 2010-11 year. Predominately this is the result of the closure of the Hot Pools for emergency maintenance works, which impacted user visits by 50,000 from budgeted visits.

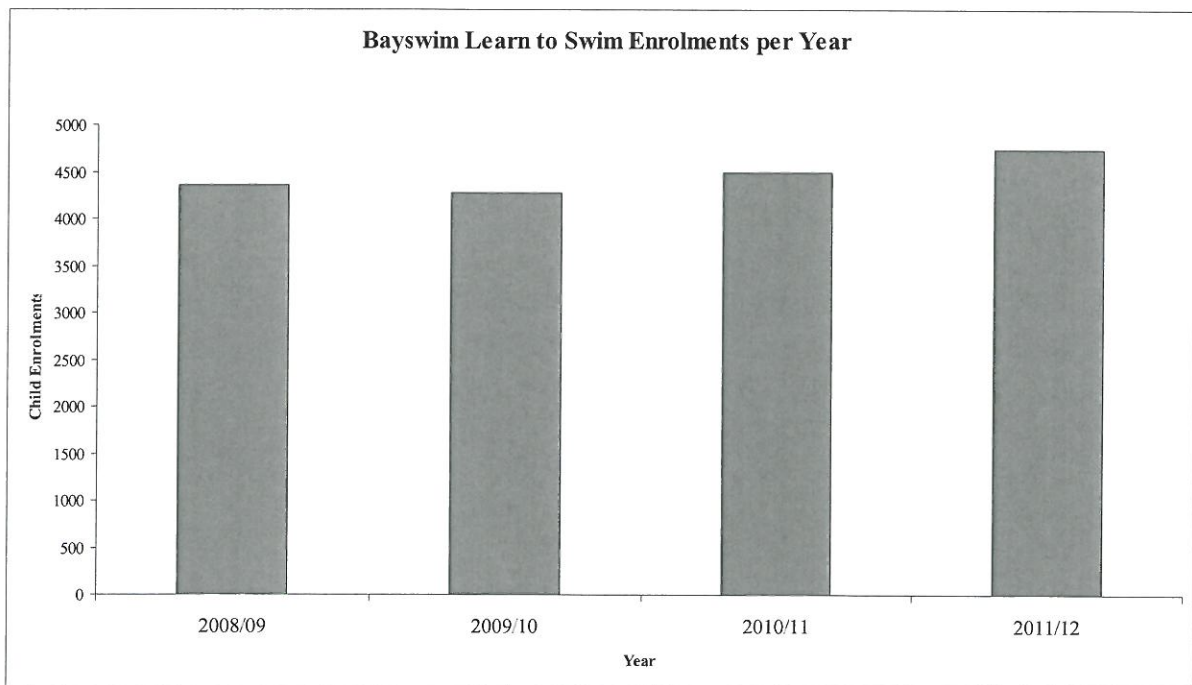


Includes Bayswim visits

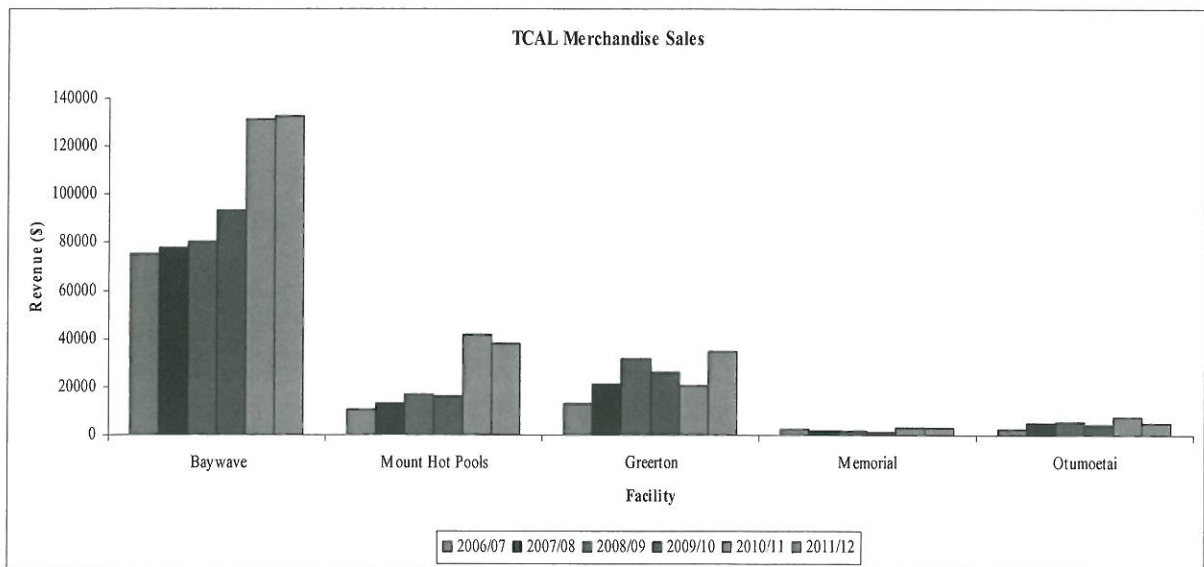
TCAL continue to benchmark themselves against the industry through CERM (Centre for Education and Recreation Management). Consistently we achieve above the industry norm, and for Baywave we achieve above the upper quartile of the industry.

Tauranga City Aquatics Limited						
CERM Results against Australasian Benchmark (survey undertaken January 2012)						
	Baywave Actual	Baywave Median	Mount Hot Pools Actual	Mount Hot Pools Median	Greerton Actual	Greerton Median
INDICATORS:	2011/12	2011/12	2011/12	2011/12	2011/12	2011/12
Visits Per Square Metre	84	99	90	31	60	99
Total Visits Per Year	422,233	463,872	195,059	65,165	122,967	463,872
Surplus/(-) Subsidy Per Visit	\$1.01	-\$0.43	\$1.77	-\$4.24	-\$0.81	-\$0.43
Secondary Spending	\$1.69	\$0.32	\$0.48	\$0.62	\$0.34	\$0.32
Customer Satisfaction	83%	84%	87%	84%	81%	84%

The Hot Pools closure for emergency works highlighted for TCAL and its shareholder the issue of aged facilities, many now in excess of 30 years old. TCAL is proactively working with its shareholder to ensure all Asset Management Plan information is loaded into the appropriate systems, ensuring the assets are monitored and scheduled works are completed.



In 2011/12 Baywave moved to four shorter terms to match the school year increasing the number of enrolments for that year.



Achievements

TCAL has continued to undertake business initiatives to increase both revenue and usage. A large percentage of our costs are fixed and therefore increasing usage, both through off peak programmes and offerings and new programme development, assist us in ensuring we maximize contribution to those costs and manage the level of rates funding set by the shareholder.

Through Bayswim learn to swim, we have continued to ensure children in our community learn to swim. On top of this, our Schools in Pools programme has attracted 830 enrolments for 2011/12 and is set to grow in 2012/13.

Secondary spend, such as merchandise, food and beverage and crèche, continue to grow and perform well.

Financial

The audited results for the year ended 30 June 2012 show a deficit of (\$230,000), (2011 \$1,138,000), after depreciation and debt servicing but before tax and asset revaluations. The rates funded operational contribution to funding aquatics from Council remains unchanged for 2012 at \$733,000 (2011 \$733,000). On top of this TCAL received \$2,300,000 funding for renewals type works.

A key aspect of TCAL's business performance is the commercial operations of the two health clubs. As part of Council's policy on commercial activities, TCAL is required to operate the health clubs in a non subsidised manner.

With resource consent for the Hot Pools Redevelopment not approved, the work to date on design and planning was written off to a value of \$1,190,000. Grant funding from Council was received to cover this write off.

Strategic Direction

The key strategic direction for TCAL, whilst under the CCO review process, is the delivery of year one of the ten year Aquatics Strategy, adopted by Council in June 2012.

Once the review process has been completed in November 2012 and there is a clear strategy for delivery of aquatics and leisure in our community, then there will be an opportunity to work with the shareholder to develop a longer term strategic direction that is in alignment with not only the needs of the community, but the desires and aspirations of the shareholder. In the meantime, TCAL will be

undertaking some key projects for improved business performance and delivery on Council's strategies and 2012/13 budget predictions:

- Replacement of the Point of Sale system
- Business case development for an additional hydroslide / water play area at Baywave
- Ongoing asset management replacements

TCAL will continue to provide safe, clean and fun aquatic facilities for families in our community to enjoy.

Acknowledgments

I wish to thank each and every one of the TCAL team who work hard every day to ensure that the facilities continue to be safe, clean, well maintained and fun for our community.

Tania Delahunty
Chief Executive Officer

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2012**

	Note	2011/12 (\$000's) Actuals	2011/12 (\$000's) Budgets	2010/11 (\$000's) Actuals
Revenue				
Operational Revenue	2	4,769	6,179	5,235
Grants	3	4,574	733	1,350
Other Revenue	4	45	40	58
Total		9,388	6,952	6,643
Expenditure				
Personnel Costs	5	3,531	3,741	3,313
Other Expenditure	6	2,804	2,681	2,824
Depreciation & Amortisation	7	1,417	1,335	1,245
Gain or Loss on Disposal		1,295	114	0
Interest Paid		571	412	399
Total		9,618	8,283	7,781
Operational Surplus / (Deficit)		(230)	(1,331)	(1,138)
Revaluation of Plant and Equipment		(186)	0	0
Surplus / (Deficit) including revaluations		(416)	(1,331)	(1,138)
Taxation Expense/(Benefit)	8a	(65)	0	(313)
Net Surplus / (Deficit) for the Year		(351)	(1,331)	(825)
Other Comprehensive Income				
Gains /(Losses) on property revaluation		3,893	0	0
Tax relating to other comprehensive income		(1,081)	0	0
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		2,461	(1,331)	(825)

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

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

	Share Capital	Retained Earnings	Asset Revaluation Reserves	Schools in pools Reserve	Total Equity
Balance at 1 July 2010	18,861	(4,506)	2,227	60	16,642
Net deficit for the year	0	(825)	0	0	(825)
Taxation on Equity	0	0	0	0	0
Transfers to Reserves	0	0	0	0	0
Balance at 30 June 2011	<u>18,861</u>	<u>(5,331)</u>	<u>2,227</u>	<u>60</u>	<u>15,817</u>
<i>Changes in Equity for 2012</i>					
Net deficit for the year	0	(351)	0	0	(351)
Taxation on Equity	0	0	(1,081)	0	(1,081)
Building & Improvement Revaluation	0	0	3,893	0	3,893
Balance at 30 June 2012	<u>18,861</u>	<u>(5,682)</u>	<u>5,039</u>	<u>60</u>	<u>18,278</u>

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

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012**

	Note	2011/12 (\$000's) Actuals	2010/11 (\$000's) Actuals
Assets			
Current Assets			
Cash and Cash Equivalents	9	106	47
Stock on Hand		158	76
Debtors and Other Receivables	10	1,430	360
Total Current Assets		<u>1,694</u>	<u>483</u>
Non Current Assets			
Property, Plant and Equipment		30,056	26,223
Intangible Assets – Software		56	76
Total Non Current Assets	24	<u>30,112</u>	<u>26,299</u>
Total Assets		<u>31,806</u>	<u>26,782</u>
Liabilities			
Current Liabilities			
Employee Entitlements	14	334	286
Trade and Other Payables	15	606	462
Tauranga City Council	15	1101	0
Tauranga Energy Consumer Trust RPS	15	0	4000
Total Current Liabilities		<u>2,041</u>	<u>4,748</u>
Non Current Borrowings			
Loan from Tauranga City Council	17	7,583	3,329
Deferred Tax	8c	3,904	2,888
Total Non Current Liabilities		<u>11,487</u>	<u>10,217</u>
Total Liabilities		<u>13,528</u>	<u>10,965</u>
Net Assets		<u>18,278</u>	<u>15817</u>
Equity			
Share Capital	18	18,861	18,861
Retained Earnings	19	(5,682)	(5,331)
Revaluation Reserves	20	5,039	2,227
Reserve – Schools in Pools	21	60	60
Total Equity		<u>18,278</u>	<u>15,817</u>

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DIRECTOR

Date

26/9/2012

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DIRECTOR

Date

26-9-12

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

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**STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 30 JUNE 2012**

	Note	2011/12 (\$000's) Actuals	2010/11 (\$000's) Actuals
Operating Activities			
Cash was Provided From:			
Grants		1,388	971
Other Revenue		4,669	5,023
		6,057	5,994
Cash was Applied To:			
Payments to Employees		3,483	3,414
Payments to Suppliers		2,931	2,629
Interest Paid		16	238
Goods and Services Tax (net)		(178)	14
		6,252	6,295
Net Cash from Operating Activities	13	(195)	(301)
Investing Activities			
Cash was Provided from			
Tauranga City Council Capital Grant		2,272	432
Cash was Applied To:			
Purchase of Property, Plant and Equipment		(2,821)	(1,606)
Net Cash from Investing		(549)	(1,174)
Finance Activities			
Cash was Provided From:			
Tauranga City Council Loans		7,149	2,881
Gain from Asset Sales		2	
		7,151	2,881
Cash was Applied To:			
Repayment of Tauranga City Council Loans		1,794	1250
Repayment of TECT RPS		4,000	
Tauranga City Council Loan Interest Reserves – SIP		554	161
Net Cash from Financing Activities		803	1,470
Net Increase / Decrease in Cash Held		59	(5)
Add Opening Cash	9	47	52
Closing Cash and Bank	9	106	47

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 Statement of Accounting Policies form part of these Financial Statements

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20

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

ENTITY STATEMENT

Tauranga City Aquatics 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 Investments Limited 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 Aquatics Limited was incorporated on 17 February 2005.

The primary objective of Tauranga City Aquatics Limited is to provide goods and services for the community or social benefit, rather than making a financial return. Accordingly, Tauranga City Aquatics Limited, 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 financial statements of Tauranga City Aquatics Limited are for the year ended 30 June 2012. The financial statements were authorised for issue by Tauranga City Aquatics Limited Directors on 30 August 2012.

BASIS OF PREPARATION

The financial statements of Tauranga City Aquatics 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 NZ GAAP. They comply with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate to public benefit entities.

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

The measurement base adopted is that of historical cost.

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

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains or losses resulting from the settlement of such transactions are recognised in the Statement of Comprehensive Income.

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25

SIGNIFICANT ACCOUNTING POLICIES

REVENUE RECOGNITION

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

- Grants and Subsidies

Grants and Subsidies are recognised when the conditions of the grant or subsidy have been met.

- Leases

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

- Other Revenue

Products held for sale are recognised when a product is sold to the customer.

TAXATION

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

Current tax is the amount of income tax payable based in 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 Tauranga City Aquatics Limited expects to recover or settle the carrying amount of deferred tax 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 differences arise 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 the accounting profit nor taxable profit.

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.

BORROWING COSTS

Borrowing costs are recognised as an expense in the period in which they are incurred.

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.

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.

PROPERTY, PLANT & EQUIPMENT

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

Depreciation: All assets are depreciated over their expected useful life. Depreciation is provided on a straight line (SL) at rates calculated to allocate the asset cost less estimated residual value over the estimated useful life.

	Useful Life (Years)	Depreciation Method	Depreciation Rate
Non Infrastructural Assets			
Land	N/A	N/A	0%
Buildings	2-100	SL	1% to 50%
Improvements	2-25	SL	4% to 50%
Computer Equipment	4-5	SL	20% to 25%
Office Furniture / Equipment	8-12	SL	6.7% to 33%
Other Plant & Equipment	8-50	SL	2% to 12.5%
Vehicles	5-7	SL	14.3% to 22%

Valuation

Those asset classes that are revalued are valued on a three yearly valuation cycle on a basis described below. All other asset classes are carried at depreciated historical cost. The carrying values of all assets not revalued in any year are reviewed at each balance date to ensure that those values are not materially different to fair value.

Buildings, improvements, plant and equipment were valued at fair value as determined from market-based evidence by an independent valuer. The most recent valuations were undertaken on 1st July 2011 by Property Solutions BOP Limited and related to all buildings and improvements.

Tauranga City Aquatics Limited 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 Tauranga City Aquatics Limited 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 financial performance. 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:

	Useful Life (Years)	Depreciation Method	Depreciation Rate
Computer Software	3 to 4 years	SL	25% to 33%

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Property, plant and equipment and intangible assets are reviewed for indicators of impairment at each balance date. When there is an indicator of impairment the asset's recoverable amount is estimated. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. The impairment loss is recognised in the statement of financial performance.

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 Tauranga City Aquatics Limited 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.

DEBTORS AND OTHER RECEIVABLES

Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method, less any provision for impairment.

A provision for impairment of receivables is established when there is objective evidence that Tauranga City Aquatics Limited will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered indicators that the receivable 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.

The carrying amount of an impaired receivable is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of financial performance. When the receivable is uncollectable, it is written off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (i.e. not past due)

INVENTORIES

Inventories held for sale on a commercial basis are valued at the lower of cost and net realisable value. The cost of the inventory is determined using the first-in-first-out method.

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 Tauranga City Aquatics Limited's option within no more than two working days and which Tauranga City Aquatics Limited 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 Tauranga City Aquatics Limited.

CREDITORS AND OTHER PAYABLES

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method.

PROVISIONS

Tauranga City Aquatics Limited recognises a provision for future expenditure of 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 not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as a finance cost

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.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In preparing these financial statements Tauranga City Aquatics 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 in historical experience and other factors, including expectations of 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 with the next financial year are discussed below:

Property, plant and equipment useful lives and residual value

At each balance date Tauranga City Aquatics Limited reviews the useful life and residual values of its property, plant and equipment. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment requires Tauranga City Aquatics Limited to consider a number of factors such as the physical condition of the asset, expected period of use of the asset by the company and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will impact on the depreciable amount of an asset, therefore impacting on the depreciation expense recognised in the statement of comprehensive income and carrying amount of the asset in the statement of financial position. Tauranga City Aquatics Limited minimises the risk of this estimation uncertainty by:

- Physical inspection of assets
- Asset replacement programs
- Review of second hand market prices for similar assets
- Analysis of prior asset sales

Tauranga City Aquatics Limited has not made significant changes to past assumptions concerning useful lives and residual values. The carrying amount of property, plant and equipment are disclosed in note 24.

STATEMENTS AND INTERPRETATIONS NOT YET ADOPTED

NZ IFRS 9 Financial Instruments will eventually replace NZ IAS 39 Financial Instruments: Recognition and Measurement.

NZ IAS 39 is being replaced through the following 3 main phases: Phase 1 Classification and measurement, Phase 2 Impairment Methodology and Phase 3 Hedge Accounting. Phase 1 on the classification and measurement of financial assets has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The financial liability requirements are the same as those of NZ IAS 39, except for when an entity elects to designate a financial liability at fair value through the surplus or deficit. The new standard is required to be adopted for the year ended 30 June 2014. TCAL has not yet assessed the effect of the new standard and expects it will not be early adopted.

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25

NOTES TO THE FINANCIAL STATEMENTS

2. OPERATIONAL REVENUE

	2011/12 (\$000's) Actuals	2011/12 (\$000's) Budget	2010/11 (\$000's) Actuals
Operating Revenue	4,769	6,179	5,235
	<u>4,769</u>	<u>6,179</u>	<u>5,235</u>

3. GRANT REVENUE

	2011/12 (\$000's) Actuals	2011/12 (\$000's) Budget	2010/11 (\$000's) Actuals
Tauranga City Council - Operational	733	733	733
- Renewal	3,538	0	432
- Debt Retirement	302	0	185
	<u>4,574</u>	<u>733</u>	<u>1,350</u>

4. OTHER REVENUE

	2011/12 (\$000's) Actuals	2011/12 (\$000's) Budget	2010/11 (\$000's) Actuals
Lease Revenue	16	31	23
Miscellaneous Revenue	29	9	35
	<u>45</u>	<u>40</u>	<u>58</u>

5. PERSONNEL COSTS

	2011/12 (\$000's) Actuals	2011/12 (\$000's) Budget	2010/11 (\$000's) Actuals
Salaries and Wages	3,490	3,741	3,277
Defined contribution plan employer contributions (kiwisaver)	41	0	36
Total Personnel Costs	<u>3,531</u>	<u>3,741</u>	<u>3,313</u>

6. OTHER EXPENDITURE

	2011/12 (\$000's) Actuals	2011/12 (\$000's) Budget	2010/11 (\$000's) Actuals
Administration	553	551	526
Consultants - General	200	84	111
- Legal	21	18	16
Audit - Annual Report	27	30	30
- Operations	28	15	10
Operating Costs	1,634	1,631	1,710
Maintenance	341	352	421
	<u>2,804</u>	<u>2,681</u>	<u>2,824</u>

The company paid \$26,080 in Financial Audit Fees during the year for 2011/12 and additional \$873 in audit fees were paid relating to the 2010/11 audit. Audit NZ were also paid \$11,224 to perform a probity audit as part of the Council review of TCAL.

7. DEPRECIATION & AMORTISATION

	2011/12 (\$000's) Actuals	2011/12 (\$000's) Budget	2010/11 (\$000's) Actuals
Buildings and Improvements	1,085	1,022	927
Office Furniture and Equipment	34	32	57
Plant and Equipment	266	251	240
Vehicles	8	8	10
Software	23	22	11
	<u>1,417</u>	<u>1,335</u>	<u>1,245</u>

8. TAXATION

	2011/12 (\$000's)	2010/11 (\$000's)
a) Operational Surplus /Deficit) before Taxation	<u>(416)</u>	<u>(1,138)</u>
Prima Facie Taxation at 28% (2011: 30%)	(116)	(341)
Non-deductible expenditure	626	291
Non Taxable income	(568)	(220)
Deferred Tax Adjustment	(7)	4
Tax rate adjustment	0	(47)
Prior year adjustment	0	0
Taxation Loss/(Benefit)	<u>(65)</u>	<u>(313)</u>
Represented As:		
Current Taxation	0	0
Deferred Taxation expense/(benefit)	(65)	(313)
	<u>(65)</u>	<u>(313)</u>
	2011/12 (\$000's)	2010/11 (\$000's)
b) Imputation Account		
Imputation credits available for use in subsequent periods	<u>433</u>	<u>441</u>

c) **Deferred Tax Liability**

	Property, plant and equipment	Other Provisions	Tax losses	Total
Balance at 30 June 2010	(4,488)	38	918	(3,532)
Charged to Surplus or Deficit	155	18	471	644
Charged to other Comprehensive Income	0	0	0	0
Balance at 30 June 2011	(4,333)	56	1,389	(2,888)
Charged to Surplus or Deficit	102	(3)	(34)	65
Charged to other Comprehensive Income	(1,081)	0	0	(1,081)
Balance at 30 June 2012	(5,312)	53	1,355	3,904

9. **CASH AND CASH EQUIVALENTS**

	2011/12 (\$000's)	2010/11 (\$000's)
Cash	102	43
Till Floats	4	4
	106	47

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. The carrying value of cash and till floats approximates their fair value.

10. **DEBTORS AND OTHER RECEIVABLES**

	2011/12 (\$000's) Gross	Impairment (\$000's)	2011/12 (\$000's) Net	2010/11 (\$000's) Gross	Impairment (\$000's)	2010/11 (\$000's) Net
Debtors and other Receivables						
Not Past Due	1,409	0	1,409	323	0	323
Aged Receivables: 31-60 days	6	0	6	23	0	23
Aged Receivables: 61-90 days	6	0	6	0	0	0
Aged Receivables: greater than 90 days	12	(3)	9	56	(42)	14
GST Receivable	0	0	0	0	0	0
	1433	(3)	1,430	402	(42)	360

The carrying value of receivables approximates their fair value.

11. STATEMENT OF COMMITMENTS

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.

Capital Commitments

	2011/12 (\$000's)	2010/11 (\$000's)
Capital expenditure (property, plant and equipment) contracted for at balance date but not yet incurred.		
Rawlinsons – Quantity Surveyor		
Hot Pools Emergency capital maintenance works*	0	20
Davis Langdon – Project Management Services		
Hot Pools Emergency capital maintenance works*	0	50
Pool Water Services 2010/11 Hot Pools Emergency maintenance works*	0	879
Opus 2010/11 Hot Pools Emergency capital maintenance works.	0	45
RDT Pacific - Hot Pools refurbishment	14	0
Watts and Hughes Construction - Hot Pools refurbishment	134	0
Baywave office accommodation	36	0
Concept Fitness Systems – replacement gym equipment	286	0
Total Capital Commitments	470	994

* The Hot Pools refurbishment capital works is budgeted to be completed August 2012. Baywave office accommodation capital works is budgeted to be completed 31 July 2012. The replacement gym equipment is budgeted to be installed by 30 September 2012.

Operating Commitments

The Company leases equipment in the normal course of its business. The majority of these leases have a non-cancellable term of 36 months. The future aggregate minimum lease payments payable under non-cancellable operating leases are as follows:

	2011/12 (\$000's)	2010/11 (\$000's)
Operating Leases		
Not later than one year	36	11
Later than one year and not later than five years	101	33
Later than five years	0	0
	137	44

12. CONTINGENCIES

Contingent Liabilities

Tauranga City Aquatics Limited has no contingent liabilities. (2011: nil)

13. RECONCILIATION OF NET SURPLUS WITH NET CASHFLOWS FROM OPERATIONS

	2011/12 (\$000's)	2010/11 (\$000's)
Net Surplus / (Deficit) from Statement Financial Performance	(416)	(1,138)
Add/(Deduct) Non Cash Items		
Asset revaluation	186	0
Depreciation + Loss on disposal	2,712	1,245
Add/(Deduct) Movements in Working Capital		
Decrease / (Increase) in Trade and other Receivables	(1,113)	(174)
Decrease / (Increase) in Inventories	(82)	(32)
Increase in Employee Entitlements	48	89
Increase in Trade and other Payables	10	76
Increase in GST Payable	178	0
Add/Deduct Movements in classified as Investing and Financing		
Capital Grant	(2,272)	(432)
Interest	554	161
Capital Related Accounts Payable	0	(96)
Net Cash from Operating Activities	(195)	(301)

14. EMPLOYEE ENTITLEMENTS

	2011/12 (\$000's)	2010/11 (\$000's)
Accrued pay	140	115
Annual leave	184	157
ACC Employer contribution	10	14
Total Employee Entitlements	334	286

15. TRADE AND OTHER PAYABLES

	2011/12 (\$000's)	2010/11 (\$000's)
Trade and Other Payables		
Income in Advance	112	99
Trade & Other Payables	84	70
Accrued Expenditure	235	296
GST Payable	175	(3)
TCC Loan Repayment	1,101	0
TECT Redeemable Preference Shares		4000
Total Trade and Other Payables	1,707	4,462

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. TECT Redeemable Preference Shares had a maturity date of 25 July 2011 (see note 17).

16. RELATED PARTY TRANSACTIONS

	2011/12 (\$000's)	2010/11 (\$000's)
Tauranga City Council (Shareholder of TCIL who wholly own Tauranga City Aquatics Limited)		
Grants received (including accruals)	(4,574)	(1,350)
Loans received	(6,595)	(2,720)
Interest paid	554	161
Capital	2	38
Administration/rates services provided	338	353
Loans repaid	1,794	1,250
SGL (TCAL Director Mike King)		
Consultation regarding Hot Pools Redevelopment	10	25
SK Corp (TCAL Director Mike King is a Director)		
Marketing, merchandise consultation, website development, and staff training	61	149

Transactions with Key Management Personnel

	2011/12 (\$000's)	2010/11 (\$000's)
Salaries and other short term employee benefits	499	501
Post employment benefits	10	9
Other long term benefits	0	0
Termination benefits	0	40
Share-based payment	0	0
Total	509	550

Key management personnel include the Chief Executive, and other senior management. The decrease for 2011/12 was due to no termination payments paid to the senior management team in 2011/12. The senior management team includes; Finance & Business Services Manager, Health Club Manager, Aquatics Manager and Programmes & Services Manager.

17. BORROWINGS

	2011/12 (\$000's)	2010/11 (\$000's)
Non-current Borrowings		
Loan from Tauranga City Council	7,583	3,329
TECT Redeemable Preference Shares	0	0
Total Non-Current Borrowings	7,583	3,329

Loan from Tauranga City Council

The loan from Tauranga City Council (TCC) to Tauranga City Aquatics Limited (TCAL) was recognised at cost under previous NZ GAAP. TCAL designated the loan as a Financial Liability and recognised it initially at fair value under NZ IAS 39. The repayment date is 30 June 2016. The interest rate for 2011/12 was 6.75%, and is fixed annually. An increase of 1% would increase the deficit by \$75,830 and a decrease of 1% would reduce the deficit by \$75,860.

Security

The loan from TCC is unsecured.

TECT Redeemable Preference Shares

Tauranga City Aquatics Ltd has classified the \$4m fixed rate redeemable preference shares (RPS) issued to TECT as debt under NZ IFRS. The maturity date was 25 July 2011 and are shown in Trade and Other payments in note 15 for 2010/11. The interest of \$16,297 (2011: \$237,930) paid in relation to these shares is recognised as an expense in the Statement of Financial Performance. The loan was secured by a guarantee from TCC. Repayment of the TECT redeemable preference shares was funded through an increase in TCC loans.

18. SHARE CAPITAL

	2011/12 (\$000's)	2010/11 (\$000's)
a) Fully paid ordinary shares		
Balance at beginning of financial year	18,861	18,861
Shares issued to Parent	0	0
Total Closing Share Capital	18,861	18,861

- i) Fully paid ordinary shares carry one vote per share and carry the right to dividends
- ii) No ready market for these shares so recognised at cost.

19. RETAINED EARNINGS

	2011/12 (\$000's)	2010/11 (\$000's)
Retained Earnings Opening Balance	(5,331)	(4,506)
(Deficit) / Surplus after Tax	(351)	(825)
Transfer to Reserves	0	0
Dividends paid to parent	0	0
Total Retained Earnings	(5,682)	(5,331)

20. RESERVE – REVALUATIONS

	2011/12 (\$000's)	2010/11 (\$000's)
Buildings & Improvements Revaluation Reserve	3,893	2,165
Taxation on Revaluation Movement	(1,081)	62
Total Revaluation Reserve	5,039	2,227

21. RESERVE – SCHOOLS IN POOLS

	2010/12 (\$000's)	2010/11 (\$000's)
Opening Balance	60	60
Transfer from Retained Earnings	0	0
Total Schools in Pools Reserve	60	60

- i) The Schools in Pools Reserve has been set up to encourage schools to add learning to swim to their curriculum. TCAL are working with Sports Bay of Plenty and schools to continue development of a water safety programme.

22. CAPITAL MANAGEMENT

Tauranga City Aquatics Limited's capital is its equity, which comprises Tauranga City Aquatics Limited capital and retained surpluses. Equity is represented by net assets.

Tauranga City Aquatics Limited's constitution 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 Tauranga City Aquatics Limited's equity is to ensure that Tauranga City Aquatics Limited effectively achieves its objectives and purpose, whilst remaining a going concern.

23. SIGNIFICANT EVENTS AFTER BALANCE DATE

No significant events after balance date.

24. ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT

2012

Tauranga City Aquatics Limited	2010/11 Cost/Val & Reval (\$000s)	2010/11 Acc Depn (\$000s)	2010/11 Opening Book Value (\$000s)	2011/12 New Assets (\$000s)	2011/12 Assets Disposed (\$000,s)	2011/12 Revaluation (\$000,s)	2011/12 Cost Reval (\$000's)	2011/12 Current Depn (\$000,s)	2011/12 Accum Depn (\$000,s)	2011/12 Cost/Val (\$000s)
At Cost										
Buildings & Improvements	23,771	(2,723)	21,048	2,205	0	3,893	27,146	(1,088)	(1,147)	25,999
Office equipment, furniture & computer equipment	505	(219)	286	74	0	0	579	(71)	(290)	289
Plant and Equipment	4,092	(671)	3,421	619	0	(186)	3,854	(227)	(227)	3,627
Vehicles	55	(19)	36	1	0	0	56	(8)	(27)	29
Work In Progress	1,491	0	1,491	1,720	3,099	0	112	0	0	112
	29,855	(3,632)	26,223	4,619	3,099	3,708	31,747	(1,394)	(1,691)	30,056
Software	118	(42)	76	3	0	0	121	(23)	(65)	56
	29,973	(3,674)	26,299	4,622	3,099	3,708	31,868	(1,417)	(1,756)	30,112

Work in Progress additional work is shown within the New Assets column and any capitalised assets are shown in Assets Disposed column. \$1,295,000 write off of Work in Progress was made in 2011/12. \$1,190,000 related to the Hot Pools redevelopment project that did not proceed. An adjustment has been made to the 2010/11 Asset value of \$59,000 to reflect the impact of the revaluation on the opening asset values.

2011

Tauranga City Aquatics Limited	2009/10 Cost/Val & Reval (\$000s)	2009/10 Acc Depn (\$000s)	2010/11 Opening Book Value (\$000s)	2010/11 New Assets (\$000s)	2010/11 Assets Disposed (\$000,s)	2010/11 Cost Reval (\$000's)	2010/11 Current Depn (\$000,s)	2010/11 Accum Depn (\$000,s)	2010/11 Cost/Val (\$000s)
At Cost									
Buildings & Improvements	23,443	(1,796)	21,647	269	0	23,712	(927)	(2,723)	20,989
Office equipment, furniture & computer equipment	388	(162)	226	117	0	505	(57)	(219)	286
Plant and Equipment	3,987	(431)	3,556	105	0	4,092	(240)	(671)	3421
Vehicles	55	(9)	46	0	0	55	(10)	(19)	36
Work In Progress	359	0	359	1,702	570	1491	0	0	1491
	28,232	(2,398)	25,834	2,193	570	29,855	(1,234)	(3,632)	26,223
Software	39	(31)	8	79	0	118	(11)	(42)	76
	28,271	(2,429)	25,842	2,272	570	29,973	(1,245)	(3,674)	26,299

25. EXPLANATIONS OF MAJOR VARIANCES AGAINST BUDGET

Explanations for major variations from the Company's budget figures in the 2011-2012 Financial Statements are as follows:

Statement of Comprehensive Income

Operating Revenue

Operating revenue was lower than budgeted by (\$1,410,000), due to:

Budgeted Clubfit membership down by (\$700,000). Due to a variety of factors including:

- Increased competition in 24 hour low cost gym offerings
- Lack of Clubfit manager for four months
- Series of staffing changes impacting continuity of the sales team

Hot Pools closure in July to September due to emergency capital maintenance works to replace aged pipes and plant (\$304,000).

Bayswim revenue budget target were not met by (\$220,000) due to lower than expected learn to swim numbers from higher competition.

Café revenue was lower than expected by (\$77,000).

Grant Revenue

Grant Revenue was higher than budget by \$3,840,000, due to:

Renewals grant funding for the Hot Pools Emergency works project \$2,300,000.

Grant funding for the Hot Pool Redevelopment write of costs incurred to date. \$1,101,000.

Additional renewals capital funding grant \$240,000 and Debt Retirement revenue \$300,000 (not budgeted for).

Operating Expenses

Operating expenses are greater than budget by (\$72,000) due to:

Personnel costs savings from Hot Pools closure, reduced sales commission payments and reduced staff levels to deliver Bayswim programmes \$207,000 saving.

Offset by additional pool consultancy costs of (\$120,000) due to the TCAL Review, operational audits of plant, financial systems review, IT systems and legal costs.

Additional debt servicing costs of (\$159,000) associated with Hot Pool Redevelopment expenditure, deficit funding, and timing of capital reimbursement.

Non Operating Costs

Non Operating Costs were greater than budget due to Hot Pools Redevelopment write off of work in progress costs (\$1,190,000).

Assets Revaluations

Revaluation impact was a \$3,707,000 increase in the asset value.

Reduction in the asset value of the Plant and Equipment of (\$186,000) was shown as an expense against the Net Surplus.

Increase in the value of Buildings and Improvements of \$3,893,000 has been shown as a gain in other comprehensive income.

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20

26. FINANCIAL INSTRUMENTS

	2011/12 (\$000's)	2010/11 (\$000's)
Financial Assets		
Cash and equivalents	106	47
Debtors and other receivables	1,430	360
Total loans and receivables	1,536	407
Financial Liabilities		
Creditors and other payables	940	748
TCC Loan (Current)	1,101	
TCC Loan	7,583	3,329
Secure Loans (including Redeemable Preference Shares)	0	4,000
Total financial liabilities	9,624	8,077

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. These relate to consultancy work undertaken by SGL.

Chief Executive Remuneration

Total Remuneration paid or payable	2011/12	2010/11
100,000-109,999		
110,000-119,999		
120,000-129,999		
130,000-139,999		
140,000-149,999		
150,000-159,999		
160,000-169,999		
170,000-179,999	1	1

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

Director	Start Date	End Date	Director fees	Travel and Accommodation	Director fees	Travel and Accommodation
			2012	2012	2011	2011
Frances Denz	01 July, 2008	31 March 2011	\$0	\$0	\$13,680	\$280
Warren Banks	01 April 2008	28 September 2012	\$3,500	\$0	\$22,700	\$0
Mike King *	22 March 2005	28 September 2012	\$2,000	\$1,664	\$16,410	\$20,847
Shirley Baker	01 May 2010	Still a Director	\$17,500	\$0	\$20,600	\$0
James Rolleston	01 April 2011	22 May 2012	\$12,709	\$0	\$2,800	\$0
Ken Paterson	19 September 2011	18 June 2012	\$0	\$0	\$0	\$0
David Stewart	17 February 2012	Still a Director	\$0	\$0	\$0	\$0
Wayne Moultrie	17 February 2012	Still a Director	\$0	\$0	\$0	\$0
Larry Baldock	17 February 2012	Still a Director	\$0	\$0	\$0	\$0

There were no director remuneration benefits paid in excess of \$100,000.

* This director is based in Australia as such director fees and travel reimbursements are subject to exchange rate fluctuations.

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

STATEMENT OF INTENT PERFORMANCE

The company has complied with section 64 of the Local Government Act 2002 and has had the Statement of Intent formally adopted by Council for the year ended 30 June 2012.

Objectives

As required by Section 59 of the Local Government Act 2002, the objectives of Tauranga City Aquatics Limited are:

Principal Objectives

The principal objectives of Tauranga City Aquatics Limited are:

	Objectives for 2011/12	Performance Indicators	Actual	Target																
1	To meet, and where possible exceed, the expectation of Tauranga City Investments Limited, Tauranga City Council, and all of the stakeholders of the company.	<ul style="list-style-type: none"> To ensure we comply with our adopted Statement of Intent. 	Achieved 70% see details below	100%.																
2	<p>Business and Financial Monitoring</p> <ul style="list-style-type: none"> To achieve and or exceed annual budgeted targeted use and financial performance of facilities, programmes and services. 	<p>Business and Financial Monitoring</p> <ul style="list-style-type: none"> To achieve and or exceed annual budgeted targeted use and financial performance of facilities, programmes and services. 	<p>Not Achieved</p> <table border="1" data-bbox="995 497 1244 900"> <thead> <tr> <th></th> <th>2011/12</th> </tr> </thead> <tbody> <tr> <td>Income</td> <td>\$9,388</td> </tr> <tr> <td>Expenditure</td> <td>\$9,770</td> </tr> <tr> <td>Net Operating Surplus / (Deficit)</td> <td>(\$1,359)</td> </tr> </tbody> </table> <p>Operating result calculated from Operational Revenue, Other Revenue and Operational Grant revenue of</p> <table border="1" data-bbox="995 49 1244 474"> <thead> <tr> <th></th> <th>2011/12</th> </tr> </thead> <tbody> <tr> <td>Target Income</td> <td>\$6,952</td> </tr> <tr> <td>Target Expenditure</td> <td>\$8,283</td> </tr> <tr> <td>Net Operating Surplus / (Deficit)</td> <td>\$118</td> </tr> </tbody> </table>		2011/12	Income	\$9,388	Expenditure	\$9,770	Net Operating Surplus / (Deficit)	(\$1,359)		2011/12	Target Income	\$6,952	Target Expenditure	\$8,283	Net Operating Surplus / (Deficit)	\$118	
	2011/12																			
Income	\$9,388																			
Expenditure	\$9,770																			
Net Operating Surplus / (Deficit)	(\$1,359)																			
	2011/12																			
Target Income	\$6,952																			
Target Expenditure	\$8,283																			
Net Operating Surplus / (Deficit)	\$118																			

Objectives for 2011/12	Performance Indicators	Actual	Target
	<ul style="list-style-type: none"> • Completion of annual capital programme. <p>NON FINANCIAL TARGETS</p> <p>Quality Assurance</p> <ul style="list-style-type: none"> • TCAL will ensure independent water testing at its facilities to ensure the New Zealand standard governing the safe maintenance of water quality (NZ 5826:2000 or any replacement standard) is met and maintained. 	<p>\$733,000 less Personnel Costs, Other expenditure and debt servicing.</p> <p>Not Achieved</p> <p>70% of capital programme was completed. Otumuoetai refurbishment, Hot Pools Redevelopment FF&E projects did not proceed. \$830,000, \$360,000 of projects were deferred to the 2012/13 financial year, while a further \$300,000 were work in progress and will be completed by September 2012.</p> <p>Achieved</p> <p>TCAL carry out water testing to ensure water meets all required standards. Environment Bay of Plenty complete independent tests each month. The June results stated for each pool that "these samples comply with microbiological criteria for swimming pools".</p>	<p>100%</p> <p>TCAL will ensure compliance with standards.</p>

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Objectives for 2011/12	Performance Indicators	Actual	Target								
	<p>TCAL will ensure all facilities meet all standards of pool safety as defined by PoolSafe NZ.</p> <p>Customer Service</p> <ul style="list-style-type: none"> TCAL will continue to commission Centre for Education and Recreation Management (CERM) to undertake independent surveys at the three facilities to monitor customer satisfaction and business performance. <p>TCAL will ensure there is an ongoing easy to use customer service and complaints process maintained and any customer complaint will be acted upon within five working days of identification/lodgment.</p> <p>Programming and Usage of Facilities</p> <ul style="list-style-type: none"> TCAL will continue to monitor the following CERM Operational Management attributes as key performance indicators of facility programming and usage: <ul style="list-style-type: none"> Visits per centre; Program occupancy by weekly schedule of available time slots; Class occupancy by programme; 	<p>Achieved</p> <p>Pool Safe certificates have been issued for all facilities and are valid until April 2013</p> <p>Achieved</p> <p>CERM independent survey carried out January 2012. Customer satisfaction results:</p> <table border="0"> <tr> <td>Mount Hot Pools</td> <td>87%</td> </tr> <tr> <td>Baywave</td> <td>83%</td> </tr> <tr> <td>Greerton</td> <td>81%</td> </tr> <tr> <td>Average overall</td> <td><u>83.7%</u></td> </tr> </table> <p>Achieved</p> <p>TCAL have systems in place and record and report on customer complaints and feedback.</p> <p>Achieved</p> <p>TCAL do annually review the facilities and ensure remedial action against indicators that are below the median result or previous year result.</p>	Mount Hot Pools	87%	Baywave	83%	Greerton	81%	Average overall	<u>83.7%</u>	<p>TCAL will ensure all network facilities comply with PoolSafe standards.</p> <p>TCAL will constantly monitor the results and endeavour to achieve CERM attributes meet a benchmark of 75% (or greater) overall satisfaction rating.</p> <p>TCAL will annually review the facilities performance indicators and ensure remedial action against indicators that are below the median result or previous year result.</p> <p>TCAL will annually review the facilities performance indicators and ensure remedial action against indicators that are below the median result or previous year result.</p>
Mount Hot Pools	87%										
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Objectives for 2011/12	Performance Indicators	Actual	Target
	<ul style="list-style-type: none"> TCAL will set annual user visit and membership targets that grow the number of visitations per annum. 	<p>Not Achieved Hot Pools closure impacted on user visits</p>	100%
3	<p>Asset Management</p> <ul style="list-style-type: none"> TCAL will develop and implement asset management plans for each facility and negotiate with its shareholder appropriate budget allocations to meet the cost of annual maintenance, renewals and improvements. Renewals of assets will be based on best practice from engineering/industry standards, advise and norms and taking into account the environment the assets are working in. Critical assets will be renewed in a manner and timing to ensure minimal failures resulting in impacts to community access, or revenue earning ability (impacting rates funding) occur. TCAL will ensure maintenance data recording of maintenance works against Asset Management Plan schedules in either Confirm or similar system. 	<p>Achieved A full AMP has been developed and in place for all facilities. Ten year plan for capital expenditure has been approved as part of the Aquatics Strategy document.</p> <p>Achieved Confirm system has been updated with TCAL assets from the AMP and went live to ongoing reporting in July 2012.</p>	<p>TCAL will ensure appropriate maintenance per the AMP is scheduled each year.</p> <p>TCAL will update our asset management system Confirm regularly.</p>
4	<ul style="list-style-type: none"> TCAL will ensure that their Strategic Plan meets both company and shareholder aspirations. To complete a three yearly resident aquatic participation needs survey to identify participation levels, constraints to participation and future aquatic needs and demands. To identify aquatic facility and service needs and conduct feasibility and business plans for such improvements. 	<p>Not Achieved Due to changes in directors and the CCO review this planning was deferred.</p> <p>Not Achieved Council decision not to undertake as part of the Aquatics Strategy 2012-22.</p> <p>Achieved As per the Aquatics Strategy 2012-22.</p>	<p>Completed and reviewed annually.</p> <p>Completed each three years.</p>

Objectives for 2011/12	Performance Indicators	Actual	Target
	<ul style="list-style-type: none"> To create strategic partnerships that assist in enhancing and developing our facilities. 	<p>Achieved</p> <p>Strategic partnerships for 2012 included: TCC: 2012/22 Aquatics Strategy and SOI</p> <p>Water Safety NZ: Developing Schools in Pools programme</p> <p>Sports Bay of Plenty: "Go4it" fundamental sports programme (Schools in Pools)</p> <p>Greerton and Mount Mainstreets: Facility promotion and networking</p>	<p>Completed as required.</p> <p>To maximise strategic partnerships.</p>
	<ul style="list-style-type: none"> To review and implement company branding reflecting the company promise and core purpose to our community. To commence redevelopment of the Hot Pools and ensure project completed on time and within budget. 	<p>Achieved.</p> <p>Branding developed for Aquatics, Clubfit and Bayswim Brands.</p> <p>Not Achieved</p> <p>Hot Pools Redevelopment project did not receive resource consent to proceed.</p>	<p>Branding to be completed 2011.</p> <p>Proactive and robust monitoring and management of construction project.</p>

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	Objectives for 2011/12	Performance Indicators	Actual	Target
		<ul style="list-style-type: none"> Ongoing review of the performance and usage of all facilities to ensure that the assets are achieving are return to the community, either financial or social. Development of loyalty card and programme to increase overall membership growth across the network. 	<p>Partially Achieved</p> <p>With the exception of the Mount Hot Pools all facilities were open to the public for the advertised hours.</p> <p>Children and senior prices are 35% less than adult prices and those with a disability card use the TCAL Aquatic facilities for free.</p> <p>Outage hours for June were 96</p> <p>Not Achieved</p> <p>Loyalty programme to be developed after the implementation of a replacement Point of Sale system.</p>	<p>Ongoing.</p> <p>Measured through CERM, availability hours to the public, and discounts offered to children, seniors and disabled users.</p> <p>From January 2012 TCAL has been measuring the outages times. Target less than 210 hours across all facilities per month.</p> <p>Implemented 2011</p>
5	To keep all stakeholders informed of the performance of the company.	<ul style="list-style-type: none"> To implement and maintain communication procedures to ensure all stakeholders are provided with appropriate and timely information on the operation of all facilities under TCAL management. To provide financial reporting to Elected Members that reflects the total performance of both the contract and TCAL as a whole. 	<p>Achieved</p> <p>All communication strategies complied with.</p> <p>Achieved</p> <p>Undertaken six monthly.</p>	<p>All communication strategies completed.</p> <p>Six monthly.</p>