

TOURISM NELSON TASMAN LTD
(TRADING AS NELSON TASMAN TOURISM)

STATEMENT OF INTENT

2011/2014

Registered Office:

75 Trafalgar Street, Nelson

Directors:

Phil Taylor (Chair), 198 Hill St, Richmond, Nelson

Larry Lumsden, 24 Country Club Terrace, Styx Mill Country Club,
Northwood, Christchurch

Sharon McGuire, 34 Cambelldon Crescent, Stoke, Nelson

Terry Horne, 110 Bryant Road, Brightwater

Chief Executive:

Lynda Keene, 77 Panorama Drive, Enner Glynn, Nelson

VISION

The vision of Nelson Tasman Tourism is that tourism in Nelson Tasman is vibrant and sustainable, providing a major contribution to the economic, social, environmental and cultural development of the region.

1. NATURE AND SCOPE OF THE ACTIVITIES TO BE UNDERTAKEN

The purpose of Nelson Tasman Tourism is to deliver a social, environmental, cultural and economic return to shareholders and the region's population, by providing proactive destination marketing, strategic destination management and tourism development, and visitor information services for the region:

- 1.1. **Destination Marketing** - the marketing and promotion of the Nelson Tasman region as a visitor destination.
- 1.2. **Strategic Destination Management and Tourism Development** – strategic planning and leadership for the tourism sector, advocacy on behalf of the sector, providing tourism input into planning processes and development projects, assistance with the development of products and services designed for visitors to the region, industry coordination and education.
- 1.3. **Visitor Information Services** - managing and operating high quality, cost effective services throughout the region.
- 2.4 **Organisation Management & Strategic Direction** –continually striving to improve profitability and return on investment for the region's communities and shareholders.

2. OBJECTIVES, PERFORMANCE MEASURES AND TARGETS

OBJECTIVE 1	PERFORMANCE MEASURE	TARGET	REPORTED ON
Destination Marketing			
Increase tourism sector investment in destination marketing	Tourism sector investment in Nelson Tasman tourism programmes	Increase total investment 3% annually International Marketing Group net gain of 5 new members Convention Bureau net gain of 7 new members	Annually with six month progress report
Achieve growth in international and domestic visitors to our region	Commercial Accommodation Monitor	Increase regional international and domestic guest nights to perform better than NZ average	Annually with six month progress report
Visitor length of stay is extended	Commercial Accommodation Monitor	From 2.11 to 2.16 nights	Annually with six month progress report
Improve region's performance as a conference and meeting destination	Convention Activity Survey and Convention Delegate Survey	Improve from 10 th NZ Convention Bureau ranking to 9 th	Six monthly annually

OBJECTIVE 1	PERFORMANCE MEASURE	TARGET	REPORTED ON
Destination Marketing (cont')			
Improve effectiveness and knowledge of information technology	Website	<p>Number of website listings increased over previous year by 5%.</p> <p>Number of website page visits increases by 10% and average length of time on site increases over previous year.</p> <p>Increased advertising revenue over previous year.</p> <p>Increased visitor or chatter on other social media networks over previous years</p>	Six monthly
	Facebook, Twitter, Trip Advisor, You Tube		

OBJECTIVE 2	PERFORMANCE MEASURE	TARGET	REPORTED ON
Strategic Destination Management and Tourism Development			
Nelson Tasman Tourism is a leader in planning the strategic growth of our tourism sector.	Nelson Tasman Tourism is recognised by its shareholders and the tourism sector as providing proactive and effective leadership	Complete a review of the Nelson Tasman Tourism Strategy in time for input to the 2013- 2023 Long Term Council Community Plans	Six monthly
Improve our economic performance as a visitor destination for the benefit of our community	Tourism industry visitor expenditure results	Show growth over previous surveys with improved economic contribution from tourism	Annually, or as data is available from the Nelson Economic Development Agency or Tourism Satellite Account
Nelson Tasman Tourism is a leader in supporting infrastructure developments which are key to improving tourism sector performance productivity in the shoulder or low season	Nelson Tasman Tourism is seen as performing an effective role by shareholders and there is widespread recognition of effective leadership	Assist with the planning and development of new convention facilities which will make the best use of public and private investment Support and promote the development of planned cycleways	Six monthly

OBJECTIVE 2	PERFORMANCE MEASURE	TARGET	REPORTED ON
Strategic Destination Management and Tourism Development (cont'd)			
Tourism sector stakeholders are committed to improved service standards so they exceed visitor expectations	Facilitate and promote customer service training with the ATTO Kia ora Mai programme and other customer service training providers.	Increase participants completing ATTO Kia ora Mai course participants and other Customer Service training programmes by 2% against previous year	Six monthly
Nelson Tasman region is a leader in environmentally sustainable tourism practices	Number of new sustainable tourism practices	Participation in relevant sustainability initiatives	Annually
Improve Nelson Tasman's visitor friendly destination profile	Ratepayer visitor opinion via annual surveys	80% of ratepayers surveyed value tourism and agree Nelson Tasman Tourism is a visitor friendly destination	Annually via annual shareholder ratepayer surveys
To include Tangata Whenua in tourism and encourage involvement	Support development of Maori tourism enterprises	Meet with Iwi to determine their desired level of participation in tourism Advise one new business established by June 2012	Annually

OBJECTIVE 3	PERFORMANCE MEASURE	TARGET	REPORTED ON
<p>Visitor Information Services</p>			
<p>Provide comprehensive, objective information which meets visitors' expectations</p>	<p>i-SITE performance (measured by bi-annual independent Deloitte survey)</p>	<p>Nelson Tasman Tourism visitor centres achieve satisfaction ratings in the top quartile of all NZ centres</p>	<p>Bi-annually</p>
<p>Net cost of visitor information services meets or exceeds agreed targets</p>	<p>Commissions from visitor information centre bookings, and income from display services, website and publication advertising</p>	<p>Revenue from all sources excluding shareholders' funding meets budget</p>	<p>Annually</p>

OBJECTIVE 4	PERFORMANCE MEASURE	TARGET	REPORTED ON
Organisation & Strategic Management			
Financial performance Ensure the company operates within sound financial parameters	Net profit, working capital and company equity Financial results	Meeting or exceeding budget Improve ongoing efficiencies and cost reductions where possible with a view to achieving a 5% per annum reduction in operating losses from financial year 2012.	Six monthly Annually
Minimise the operating losses of information centres			
Compare favourably with other RTOs	RTONZ Benchmarking Survey	Improve performance over previous survey	Bi-annually
Keeping our shareholders informed	Feedback from key stakeholder representatives	Attend all CSG meetings Complete at least one full council update per council per annum	Annually Annually
Company operates sound governance practices	Audit NZ and joint shareholders are satisfied with governance model	Ongoing review of risk analysis and company policies, best practice and legal requirements and guidelines	Annually

OBJECTIVE 4	PERFORMANCE MEASURE	TARGET	REPORTED ON
<p>Organisation & Strategic Management (cont'd)</p>			
<p>Actively engage and seek input into marketing activities and report outcome of initiatives</p>	<p>Establish regional Industry Advisory Board</p> <p>Meetings with local tourism groups</p>	<p>Establish by November and meet on a quarterly basis</p> <p>Meet with local groups twice a year and update via newsletters and electronic medium on a quarterly basis</p>	<p>Annually</p> <p>Six-monthly</p>
<p>The Company operates as an environmentally responsible and sustainable business</p>	<p>Implementation of and adherence to a Sustainability Action Plan</p>	<p>Specific targets are met for the Company's internal operations and external procurement</p>	<p>Annually</p>
<p>To be a good employer</p>	<p>Adherence to relevant employment legislation</p> <p>Staff satisfaction survey</p>	<p>All legislative requirements are met</p> <p>Overall staff satisfaction rate is 90%</p>	<p>Annually</p> <p>Annually</p>
<p>Invest in our people by identifying opportunities for updating the skill sets required.</p>	<p>Performance appraisals</p>	<p>Professional developments</p> <p>Key Performance Indicators established</p>	<p>Annually</p>

4. INFORMATION PROVIDED TO SHAREHOLDERS: 1 July 2011 - 30 June 2012

- 4.1. By 28 February a 'six month' report covering abbreviated Statement of Financial Performance and abbreviated Statement of Cash flow Statement, Statement of Financial Position, performance indicators, commentary on activities and other such information as the Directors consider necessary to enable an informed assessment of the Company's performance during the period being reported.
- 4.2. Within three months after the end of the financial year (i.e. 30 September) the Directors shall deliver to the shareholders an annual report which fulfils the requirements of Section 67 of the Local Government Act 2002, prepared to comply with International Financial Reporting Standards, and audited financial statements in respect of the financial year, containing the following information as a minimum:
- An annual report including a summary of the financial results, a review of operations, a comparison of performance in relation to objectives and any recommendation as to dividend.
 - A financial statement disclosing actual and budgeted revenue and expenditure and comparative figures from the previous financial report.
 - A statement of financial position as at the financial year end.
 - A statement of cash flows.
 - An Auditor's Report on the above statements and the measures of performance in relation to objectives.
 - Any other information that would normally be available to a controlling private shareholder, thereby enabling the shareholders to assess the value of their investment in the Company.
 - Any other matters that the shareholders and the Directors agree shall be disclosed as appropriate.
 - This Annual Report shall be made available for inspection at Council offices.
- 4.3 An annual business plan will be developed each year outlining the overall business strategy and programmes for the company.

5. PROCEDURE TO BE FOLLOWED WITH PURCHASE OF SHARES IN OTHER COMPANY OR ORGANISATION

The procedure to be followed before subscription for, or purchase of, or other acquisition of shares in any company or organisation, shall be by resolution of the Directors, excepting that any significant diversification or addition to existing activities will be referred to the shareholders for approval.

6. COMPENSATION FROM LOCAL AUTHORITIES

The Company expects to receive the following compensation during the year from shareholder local authorities, as follows;

Operation of Events Marketing and Development Programme - Funding from Nelson City Council (via Nelson Regional Economic Development Agency). This amount for 2010/2011 year is budgeted at \$76,000 exclusive of event grants made to third parties.

Events website – is provided to Tasman District council on normal arms length terms and budgeted at \$6,000.

7. DIRECTORS' ESTIMATE OF COMPANY VALUE

The Directors' estimate that the opening balance of shareholder's funds in the annual accounts will represent the value of the Company. The Directors will advise the shareholders on an annual basis if they believe the value to differ materially from this state. The projected opening balance of shareholders funds at 1 July 2011 is \$41,302.

8. BUDGETS

The Company's budgets for the period 2011-2014 are attached as an appendix:

8.1 Budget assumptions

Budgets have been prepared taking into account:

Historical operating costs for the Company and planned activity for the next three years.

The operating budget has been prepared under the advice of Nelson City Council that base funding of \$422,102 is available for the 2011-2012 year. It is based on Tasman District Council providing the same base level funding in 2010/2011 plus a 3% CPI adjustment on the targeted rate.

- Tasman District Council will continue to operate a targeted tourism rate to provide a proportion of the Council's investment in the Company. At the time this draft SOI and budget was prepared, the Company has assumed Tasman District Council will set a targeted rate which provides the Company with funding budgeted of \$98,087 through the targeted tourism rate and \$314,253 through the general rate.
- Should the number of operators being rated through this mechanism increase as further beneficiaries are identified or categories are added, the Company assumes that the total funding available to the Company will increase by the same amount, and funding provided by Tasman District Council through the general rate will not reduce as a result.
- Any increases in Company funding provided by Tasman District Council are expected to be matched by Nelson City Council and the Company understands that these increases need to be negotiated with and agreed by Nelson City Council separately.

- The Company will continue to manage an event development and marketing programme, under contract to the Nelson Regional Economic Development Agency. This programme will be funded by Nelson City Council and will resource events contained within Nelson City Council's area of responsibility. Tasman District Council will make a contribution to the annual cost of maintaining the Events website.
- The global recession which commenced in late 2008 and the second Christchurch earthquake on 22 February 2011 continues to create an international operating environment of uncertainty for the tourism sector. The Company will enter the 2011/2012 year in what is anticipated to be a flat period for international tourism resulting in higher risk, the need for maximum flexibility in the Company's operating areas and an ability to shape resources to meet environmental change.
- The Company will continue to experience changes in Company revenue streams due to changing tourism distribution patterns and as online social media changes marketing channels. Tourism businesses will continue to change the traditional destination marketing investments which they have made in the past. Whilst these global trends are beyond the ability of the Company to influence directly, the Company will continually review activity to ensure it adjusts to this ongoing change.
- The Company has an ongoing commitment to exploring opportunities for new sources of revenue and, where possible cutting costs, especially in i-SITE visitor information centres, should revenue decline.
- In this uncertain environment, the Company has applied the following principles to expenditure as from July 2011.
 - Discretionary marketing spend will be held until the fourth quarter each year and only expended then if revenue allows.
 - I-SITE display income will be assessed after the first quarter and staffing levels for the summer season will be adjusted to match available revenue.
 - Should there be a drastic reduction in revenue which affects the underlying viability of the Company, i-SITE operations will be reviewed in consultation with shareholders.
- The impact of applying these two expenditure policies will:
 - Reduce the level of marketing activity undertaken as outlined in the Statement of Intent.
 - Reduce the levels of service in i-SITEs, resulting in longer queue times for service and may lead to lower satisfaction ratings for customer service satisfaction.

The Company notes that in 2009/2010, Shareholders agreed to make a one-off investment of \$50,000 (\$25,000 per Shareholder) to reduce the working capital deficit. This investment will be retained as capital reserve.

The company will also implement a new policy in 2011/2012 to retain 3% of public good funding from shareholders as a reserve each year. This is shown in our three year budget as a separate item, with an amount of \$18,855 being accumulated for each of the next three years.

APPENDICES:

APPENDIX I: THE BOARD'S APPROACH TO GOVERNANCE

GOVERNANCE PRINCIPLES

The Company operates to the Principles and Guidelines for Corporate Governance in New Zealand, published by the Securities Commission New Zealand;

- Directors will observe and foster high ethical standards.
- There will be a balance of independence, skills, knowledge, experience, and perspectives among Directors so that the Board works effectively.
- The Board will use committees where this would enhance its effectiveness in key areas while retaining Board responsibility.
- The Board will demand integrity both in financial reporting and in the timeliness and balance of disclosures on entity affairs.
- The remuneration of Directors and executives should be transparent, fair, and reasonable.
- The Board will regularly verify that the entity has appropriate processes that identify and manage potential and relevant risks.
- The Board will ensure the quality and independence of the external audit process.
- The Board will foster constructive relationships with shareholders that encourage them to engage with the entity.
- The Board will respect the interests of stakeholders within the context of the entity's ownership type and its fundamental purpose.
- The Board will foster constructive relationships with the shareholders so that they are encouraged to engage with, support and promote the entity which is Nelson Tasman Tourism.

THE ROLE OF THE BOARD

- Ensuring sound financial and strategic management of the Company.
- Ensuring the Company meets its objectives as defined in this Statement of Intent.
- Ensuring the Company complies with all its lawful obligations.
- Ensuring the shareholders are kept well informed on all relevant issues and that there are "no surprises" on matters likely to cause community or political concern.
- Making any decisions as to policy that is not the preserve of general management and day-to-day administration.
- Employing the Chief Executive (including entering into a performance management agreement, reviewing performance and setting remuneration).

COMPOSITION OF THE BOARD

- The Board is made up of four non-executive Directors.
- The shareholders will be responsible for appointing Directors to the Board.
- The shareholders have formally adopted a policy for appointment of Directors, dated October 2009.
- The Board will appoint a Chair at the meeting following each Annual General Meeting.

BOARD REMUNERATION

- The Board will provide shareholders with their recommendations on remuneration no longer than three months in advance of the AGM. Following consultation with Joint Shareholders Committee and ratification by councils, the shareholders will approve the total remuneration for the Board at the Annual General Meeting. The Board will be responsible for deciding the apportionment of this amount.

RISK MANAGEMENT POLICIES

- The Board shall ensure that appropriate insurance is maintained on all insurable risks of the Company, and in particular public liability insurance.
- The Board shall ensure that the Company has procedures in place to achieve compliance with all applicable legislation, including adherence to International Financial Reporting Standards.

GUIDANCE AND RESOURCES PROVIDED TO BOARD MEMBERS.

Sound financial management and systems that provide reports to the Board as follows:

- Statement of financial performance for the preceding month, year to date and year end projections.
- Statement of financial position at the preceding month end.
- Statement of cash flow for the preceding month and monthly update on expected year end position.
- Chief Executive's report addressing issues related to the Company's performance against objectives (financial and non-financial).
- The Board will ensure that relevant training opportunities are made available to Directors

APPENDIX II BUDGETS (ATTACHED)

STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

Tourism Nelson Tasman Ltd is a company incorporated and domiciled in New Zealand and registered under the Companies Act 1993. Tourism Nelson Tasman Ltd is owned 50% by Nelson City Council and 50% by Tasman District Council.

The Company is a Council Controlled Organisation as defined in S6 (1) of the Local Government Act 2002.

The primary objective of the Company is to market the Nelson Tasman region as a visitor destination and operate three visitor information centres, rather than make a financial return. Accordingly, the Company 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 of Tourism Nelson Tasman 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. The financial statements are for the year ended 30 June 2010. The financial statements were authorised for issue by the Board of Directors on 20 September 2010.

BASIS OF PREPARATION

Statement of Compliance

The financial statements of the Company have been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

Differential Reporting

The Company qualifies for differential reporting, under the Framework for Differential Reporting, in that it is not publicly accountable and is not large. The Company has taken advantage of all differential reporting exemptions except it has chosen to present a Statement of Cash Flow.

These financial statements have been prepared in accordance with NZ generally accepted accounting practice (NZ GAAP). They comply with NZ equivalents to International Financial Reporting Standards, as appropriate for public benefit entities.

Measurement Base

The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on a historical basis are followed by the Company, with the exception of certain items for which specific accounting policies are identified.

Functional And Presentation Currency

The financial statements are presented in NZ dollars and all values are rounded to the nearest dollar. The functional currency of the Company is New Zealand dollars.

Changes In Accounting Policies

There have been no changes in the accounting policies.

The following revisions to accounting standards during the financial year have been adopted, which have had only a presentational or disclosure effect:

NZ IAS 1 Presentation of Financial Statements (Revised 2007) replaces NZ IAS 1 Presentation of Financial Statements (Issued 2004). The revised standard requires information in financial statements to be aggregated on the basis of shared characteristics and introduces a Statement of Comprehensive Income. Financial statement information for the year ended 30 June 2009 was not required to be restated.

Significant Accounting Policies

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

Standards And Interpretations Issued But Not Yet Effective

Standards, amendments and interpretations issued but not yet effective that have not been early adopted, and which are relevant to the company include:

NZ IFRS 9 Financial Instruments will eventually replace NZ IAS 39 Financial Instruments: Recognition and Measurement. The new standard is required to be adopted for the year ended 30 June 2014. TNTL has not yet assessed the effect of the new standard and expects will not be early adopted.

Reliance is placed on the assumption that sufficient funds are available or will be received by the Company to continue operations at the current level. The shareholding Councils have indicated the provision of ongoing funding to the Company in their Long Term Financial Strategies.

ACCOUNTING POLICIES

The following accounting policies which materially affect the measurement of comprehensive income and the financial position have been applied:

1 Revenue

Revenue is measured at the fair value of consideration received.

2 Grants

Grants received from Nelson City Council and Tasman District Council are the primary source of funding for the Company and are restricted for the purposes of the Company meeting its objectives as specified in its Statement of Intent. The Company also received other government assistance for specific purposes, and these grants usually contain restrictions on their use.

Council, government and non-government grants are recognised as revenue when they become receivable unless there is an obligation to return the funds if conditions of the grant are not met. If there is such an obligation the grants are initially recorded as grants in advance, and recognised as revenue when conditions of the grant are satisfied.

3 Other Revenue

Revenue from products held for sale is recognised when a product is sold to a customer. Sales are usually in cash or by credit card. The recorded revenue is the gross amount of the sale, including credit card fees payable for the transaction. Such fees are included in other expenses.

Interest income is recognised using the effective interest method.

Where physical assets are donated or vested in the Company for nil or nominal consideration the fair value of the asset received is recognised as revenue. Assets vested in the Company are recognised as revenue when it obtains control over the assets.

4 Goods And Services Tax

The financial statements have been prepared exclusive of goods and services tax (GST) with the exception of receivables and payables, which are stated with GST included.

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 the GST relating to investing and financing activities, is classified as an operating cash flow in the Statement of Cash Flows.

5 Taxation

Income tax expense in relation to the surplus or deficit for the period comprises current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using rates that have been enacted or substantially enacted by balance date.

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

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

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized, using tax rates that have been enacted or substantially enacted by balance date.

Current tax and deferred tax is recognised against the profit or loss for the period, except when it relates to items recognised in other comprehensive income or directly to equity, in which case the tax is dealt with in other comprehensive income or equity.

6 Trade And Other Receivables

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

A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest method.

7 Trade And Other Payables

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

8 Borrowings

The company has elected to defer the adoption of NZ IAS 23 Borrowing Costs (Revised 2007) in accordance with its transitional provisions that are applicable to public benefit entities. Consequently, borrowing costs are recognised as an expense in the period in which they are incurred.

9 Cash And Cash Equivalents

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

Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

10 Plant, Property And Equipment

The Company has the following classes of assets:

Plant and equipment

Vehicles

All fixed assets are recorded at cost, less accumulated depreciation and impairment losses.

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 the Company 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 as at its date of acquisition.

Disposals

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

Subsequent Costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Company and the cost of the item can be measured reliably.

11 Intangible Assets

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with maintaining computer software are recognised as an expense when incurred. Costs that are directly associated with the development of software for internal use by the Company, are recognised as an intangible asset.

Computer software licenses are amortised on the rates allowed by the Income Tax Act 2007. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised where the remaining balance is charged. The amortisation charge for each period is recognised in Statement of Comprehensive Income.

12 Depreciation

Depreciation is charged at the rates allowed by the Income Tax Act 2007

The depreciation rates of major classes of assets have been estimated as follows:

Plant and Equipment	6.5% to 80.4% DV & CP
Intangible Assets	36 % CP - 60 % DV
Vehicles	36% DV

13 Inventories

Inventories are stated at the lower of cost, determined on a first in, first out basis, and net realisable value.

14 Financial Instruments

The Company is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, short term deposits, accounts receivable, accounts payable and loans.

Revenue and expenses in relation to all financial instruments are recognised in the Statement of Comprehensive Income. All financial instruments are recognised in the Statement of Financial Position.

15 Leases

15.1 Operating Leases

Operating lease payments are where the lessors effectively retain substantially all the risks and benefits of ownership of the leased items. Lease payments under an operating lease are charged as expenses on a straight line basis over the lease term.

Lease incentives received are recognised in the Statement of Comprehensive Income over the lease term as an integral part of the total lease expense.

15.2 Finance Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset are transferred to the Company, are classified as finance leases. The leased assets are recognised as non current assets in the Statement of Financial Position and are depreciated over the period the Company is expected to benefit from their use. The corresponding liability is also recognised in the Statement of Comprehensive Income.

16 Employee Entitlements

Provision is made in respect of the Company's liability for annual leave and wages owed at balance date. Annual leave has been calculated on an actual entitlement basis at current rates of pay.

The Company recognises a liability for sick leave to the extent that compensated absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that the Company anticipates it will be used by staff to cover these future absences.

17 Statements Of Cash Flow

Cash and cash equivalents means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments with maturities less than 3 months in which the Company invests as part of its day to day cash management.

Operating activities include cash received from all income sources of the Company and records the cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non current assets.

Financing activities comprise the change in equity and debt capital structure of the Company.



PHIL TAYLOR
CHAIR

Approved by shareholders on(date):

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for Nelson City Council

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for Nelson City Council

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for Tasman District Council

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for Tasman District Council

	2011/2012	2012/2013	2013/2014
Income			
Nelson City Council Base Funding	422,102	422,102	422,102
Tasman District Council Public Good Funding	314,253	314,253	314,253
Tasman District Council Targeted Rate	98,087	101,030	104,060
Other Income	6,000	6,000	6,000
Sub Total	840,442	843,385	846,415
Industry Marketing Investment	340,762	350,985	361,515
Nelson i-SITE Commissions & Charges	503,538	503,538	503,538
Golden Bay i-SITE Commissions & Charges	114,750	114,750	114,750
Murchison Centre Commissions & Charges	55,570	55,570	55,570
Sub Total	1,014,620	1,024,843	1,035,373
Total Income	1,855,062	1,868,228	1,881,788
Expenses			
Base Mkt Fund	646,435	649,378	652,408
Marketing Investment - 3% increased spend	9,925	20,148	30,678
Sub Total	656,360	669,526	683,086
Nelson i-SITE Operational Charges	480,692	480,692	480,692
Golden Bay i-SITE Operational Charges	175,616	175,616	175,616
Murchison Centre Operational Charges	134,120	134,120	134,120
Sub Total	1,446,788	1,459,954	1,473,514
Destination Management & Operations			
Company Overheads	318,776	318,776	318,776
Grant Motueka i-SITE	50,000	50,000	50,000
Sub Total	368,776	368,776	368,776
Total Expenses	1,815,564	1,828,729	1,842,290
Net Operating Surplus/Deficit	39,498	39,498	39,498
Less transfer to Marketing Reserve	18,855	18,855	18,855
Surplus after Transfer	20,643	20,643	20,643
Opening Shareholder Equity	27,258	47,902	68,545
Add Surplus after Transfer	20,643	20,643	20,643
	47,902	68,545	89,188
Opening Marketing Reserve	18,855	37,710	56,565
Add Marketing Reserve Transfer	18,855	18,855	18,855
Total Marketing Reserve	37,710	56,565	75,420
Total Equity including Marketing Reserve	85,612	125,110	164,608
Capital - Shares to be Issued	50,000	50,000	50,000
Less Uncalled Capital	- 50,000	- 50,000	- 50,000
Closing Shareholder Equity	85,612	125,110	164,608