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Report To:	**Council**	
Waitomo District Council	**Meeting Date:**	6 March 2014
	Subject:	**Hamilton and Waikato Tourism 2013 Annual Report**

Purpose of Report

1.1 The purpose of this business paper is to present to Council for information and formal receipt the Hamilton and Waikato Tourism (HWT) 2013 Annual Report.

Local Government Act S.11A Considerations

2.1 WDC has participated in this activity since 1 July 2011. The activity was consulted on, and included in, the 2012-2022 LTP.

Background

3.1 Hamilton and Waikato Tourism Limited (HWT) was established from 1 July 2011 to undertake regional tourism marketing and development activities for the Hamilton and Waikato Region.

3.1 The seven Local Authorities (Hamilton City, Waikato, Waipa, Matamata-Piako, Otorohanga, South Waikato and Waitomo District Councils) confirmed they wished to collaborate, contracting tourism services for the benefit of the Hamilton and Waikato Region, including the district of each specific local authority.

3.2 The local authorities agreed that HWT was the appropriate organisation to provide tourism services. A Service Level Agreement (SLA) was prepared outlining terms and conditions of the arrangement.

3.3 The term of the SLA is for 3 years (1 July 2012 to 30 June 2015).

3.4 The general description of the services to be provided by HWT is to promote and develop the Hamilton and Waikato Region as an attractive visitor destination to international and domestic visitors in order to grow visitor expenditure to the Region to provide sustainable economic, environmental, social and cultural benefits to local communities.

3.5 A Schedule of Services (SoS) forms part of the SLA and is agreed annually. The SoS details key objectives, deliverables and key performance indicators for the year.

Commentary

4.1 As outlined by the Chairman and Chief Executive of HWT, the organisation has experienced a successful year of operation.

4.2 The regional partnership has provided a combined investment of $1.2m and enabled a collaborative approach to promoting the Hamilton and Waikato region.

4.3 Key Highlights include:

- In conjunction with Tourism New Zealand and upper North Island regions, participation in a $1.9m "Tour the North" campaign in Australia.
- Implementation of "Explore Your Own Backyard" and "Short Escapes" domestic campaigns.
- Hosting of over 105 international media.
- Hosting and training over 350 international travel trade on regional tourism products.
- Strong growth achieved in the number of conferences and delegate days.
- The release of the first Hobbit movie resulted in the region experiencing significant trade and media exposure with one of New Zealand's premier attractions, Hobbiton Movie Set, based in the region.
- $350,000 investment from the region's tourism industry

4.4 Attached to and forming part of this business paper is a copy of the Hamilton and Waikato Tourism 2013 Annual Report.

Suggested Resolutions

1 The business paper on the Hamilton and Waikato Tourism 2013 Annual Report be received.

2 The Hamilton and Waikato Tourism 2013 Annual Report be received.

HBeev

HELEN BEEVER
GROUP MANAGER – CUSTOMER SERVICES

18 February 2014

Attachment: 1 Hamilton and Waikato Tourism 2013 Annual Report (Doc 327511)

Hamilton & Waikato Tourism

2013 Annual Report

It has been another successful year of operation for Hamilton & Waikato Tourism working closely with the region's seven local authorities and tourism industry. This regional partnership has provided a combined investment of $1.2m and enabled a collaborative approach to promoting the Hamilton & Waikato region to domestic, international and business tourism visitors.

The region has seen some pleasing results, albeit within a tough environment for New Zealand's tourism sector. Through HWT's leadership and regional coordination, we have been able to provide opportunities and value to partners across a range of marketing activities and development initiatives.

The Hamilton & Waikato region has seen positive growth in international visitor nights and expenditure. Domestic visitor nights declined slightly and expenditure maintained similar levels to the previous year, albeit slightly below national averages. The region has also seen pleasing growth in the business tourism sector ending the year with 11% market share of delegate days, above forecast target (3rd quarter to March).

HWT has continued its close relationship with Hamilton International Airport team, working together on a number of strategic projects and joint activities over the last 12 months.

Key highlights:

- The release of the first Hobbit movie resulted in the region experiencing significant trade and media exposure with one of New Zealand's premier attractions, Hobbiton Movie Set, based in the region
- Hosting over 105 international media
- Hosting and training over 350 international travel trade on regional tourism products
- Successful implementation of domestic campaigns - Explore Your Own Backyard and Short Escapes
- Increasing awareness and appeal of the region for Business Tourism events - strong growth in the number of conferences and delegate days in the region
- Participation in a $1.9m "Tour the North" campaign in Australia in conjunction with four other upper North Island regions and Tourism New Zealand
- Investment of $350,000 from the region's tourism industry in HWT's activities

Financial Performance

While retaining core funding of $810,000 from partner Councils, HWT also received $350,000 from the tourism industry, which exceeded the annual target. The year ended with HWT meeting budget with a $12,000 deficit (target of $10,000 deficit). Key income areas included Australian, Domestic and Convention Bureau activities.

International Marketing

Tourism New Zealand's (TNZ) global marketing campaign, 100% PURE Middle-earth, launched in August and provided the Hamilton & Waikato region with a unique and unprecedented opportunity to leverage the international and domestic exposure generated through the first Hobbit movie and Wellington premiere in December.

The first six months of HWT activity had a prominent focus on leveraging TNZ's global campaign and media hype around the movies with numerous travel media visiting Hobbiton Movie Set and other key regional locations associated with the film.

The second half of the 2012/13 year saw the focus shift to international trade activity with HWT's first-time attendance at TNZ's international trade shows, KiwiLink UK/Europe and KiwiLink South East Asia. This trade activity was further supported by the region's participation in TRENZ, Inbound Tour Operator (IBO) training event, TNZ's Australian Insights wholesaler event and two Mega Famils organized by TNZ involving over 390 agents from the Western (US/UK) and Australia markets.

HWT continued to participate in the Explore Central North Island collective with key activities including a Hobbit-related promotion, exhibiting at TRENZ, an Australia self-drive campaign and the Explore Travel Trade Show in Auckland in May with the eight regions and their respective tourism operators participating.

Domestic Marketing

HWT undertook two key domestic campaigns in the 2012/13 year - Explore Your Own Backyard targeting local Waikato residents, and Short Escapes targeting neighboring 'drive' regions based around family and indulgence experiences. In addition, HWT undertook a small campaign targeting the Chinese New Zealand community living in Auckland. All campaigns have been well supported by the industry with pleasing results through the marketing channels deployed.

Convention Bureau

The second year of Convention Bureau (CB) activity has seen a noticeable shift in Corporate and Associations event organisers' perceptions and awareness of the city and region as an attractive destination for conferences. The number of enquiries through the Bureau has increased and the CB's activity has moved to focus more on converting leads in to secured business as the region is now considered a key contender in relation to other competitor destinations.

Bureau partners increased on the previous year providing greater resource for the Bureau. Key activities included hosting two mega famils. The first consisted of a range of local Waikato-based conference organisers' to build their appreciation of the region and facilities on offer, and encourage them to conference in the region. Building on the success of the first mega famil in 2012 a second national mega famil was held in which HWT hosted twenty two key conference organisers' from out of the region over three days to showcase the range of venues, accommodation, activities and services on offer across the region.

Digital

Hamiltonwaikato.com has seen a pleasing increase in website visits as a result of improvements in user engagement, campaign tracking and measurement. In April an online booking function was added for accommodation establishments and the Hobbit-focused feature was completed in June. HWT also supported New Zealand Historic Places Trust with hamiltonwaikato.com acting as the portal for their new Waikato War online product.

A key focus this year has been the redevelopment of the website's operating platform including moving to mobile responsive. This has been a significant project to ensure the website continues to perform well from a search engine perspective, provides a good user experience and management and technical support can be provided in the most cost-effective way.

Product and Industry Development

This year there has been a concerted focus on strengthening these partnerships to ensure that the visitor economy is understood, valued, and plays a key role in wider regional economic development. HWT has continued to provide information and support for tourism operators to assist them in delivering quality products through one-on-one support and industry events and conferences. The CEO has also maintained active engagement across a range of relevant Council activities, business associations and regional representation at national level with tourism and economic development entities.

On behalf of the HWT Board I would like to recognise the efforts of the HWT staff and would like to thank our Council partners for their commitment and support of our organisation and the tourism industry over the last 12 months and we look forward to working with you in the 2013/14 year.

Alastair Calder
Chairman

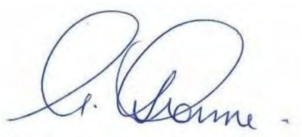
Kiri Goulter
Chief Executive

The Board of Directors have pleasure in presenting the Annual Report of Hamilton & Waikato Tourism Limited ("the Company"), incorporating the financial statements and the audit report for the year ended 30 June 2013.

With the agreement of the Shareholder, the Company has taken advantage of the reporting concessions available to it under section 211(3) of the Companies Act 1993.

The Board of Directors of the Company authorised these financial statements presented on pages 2 to 16 for issue on 17 September 2013.

For and on behalf of the Board.



A Calder	G Osborne
17 September 2013	17 September 2013

	Note	2013 $000	2012 $000
REVENUE			
Operating revenue		1,203	1,354
Finance income		9	6
Total Revenue		**1,212**	**1,360**
EXPENSES			
Directors' fees	12	36	21
Depreciation	5	2	0
Employee benefit expenses		404	404
Audit fees		10	10
Other operating expenses		776	831
Total Expenses		**1,229**	**1,266**
OPERATING SURPLUS BEFORE TAX		**(17)**	**94**
Income tax expense / (credit)	8	(5)	26
OPERATING SURPLUS AFTER TAX		**(12)**	**68**
TOTAL COMPREHENSIVE INCOME		**(12)**	**68**

The above statement of comprehensive income is to be read in conjunction with the accompanying notes.

	Note	2013 $000	2012 $000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	200	313
Trade and other receivables	4	57	47
Prepayments		1	0
Total current assets		**258**	**360**
NON-CURRENT ASSETS			
Deferred taxation	8	16	9
Property, plant & equipment	5	54	1
Total non-current assets		**70**	**10**
Total Assets		**328**	**370**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	6	209	269
Employee entitlements		36	33
Finance lease liability	7	18	0
Income in Advance		10	0
Total current liabilities		**272**	**302**
Total Liabilities		**272**	**302**
NET ASSETS		**56**	**68**
EQUITY			
Share capital	9	0	0
Retained earnings	10	56	68
Total Equity		**56**	**68**

The above balance sheet should be read in conjunction with the accompanying notes.

For and on behalf of the Board.

Director
17 September 2013

Director
17 September 2013

	Note	2013 $000	2012 $000
Balance at 1 July		**68**	**0**
Total comprehensive income		(12)	68
Balance at 30 June		**56**	**68**

The above statement of changes in equity is to be read in conjunction with the accompanying notes.

1. **General Information**

Hamilton & Waikato Tourism Limited is a limited liability company incorporated and domiciled in New Zealand. The address of its registered office is Hamilton International Airport, Airport Road, RD2, Hamilton.

The Company is a Council Controlled Organisation as a 100% owned subsidiary of Waikato Regional Airport Limited. The shareholders of Waikato Regional Airport Limited are Hamilton City Council (50%), Waipa District Council (15.625%), Matamata-Piako District Council (15.625%), Waikato District Council (15.625%) and Otorohanga District Council (3.125%).

The primary objective of the Company is to market the Hamilton and Waikato region as a visitor destination domestically and internationally, and to support air services in partnership with Waikato Regional Airport Limited.

These financial statements have been approved for issue by the Board of Directors on 17 September 2013.

2. **Summary of significant accounting policies**

These financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand. They comply with the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

(a) Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Reporting entity

The financial statements are for Hamilton & Waikato Tourism Limited as a separate legal entity.

The Company is designated as a public benefit entity for financial reporting purposes.

Statutory base

Hamilton & Waikato Tourism Limited is a company registered under the Companies Act 1993.

The financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 1993, the Local Government Act 2002 and the Companies Act 1993.

Differential reporting

The Company is a qualifying entity within the Framework for Differential Reporting. The Company qualifies on the basis that it is not publicly accountable and there is no separation between the owners and governing body of Hamilton & Waikato Tourism Limited. The Company has taken advantage of all differential reporting concessions available except for NZ IAS 12 Income Taxes with which they have complied with fully.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets as identified in specific accounting policies below.

Presentation currency

The financial statements are presented in New Zealand Dollars. The functional currency of Hamilton & Waikato Tourism Limited is New Zealand Dollars.

Rounding method

The financial statements are rounded to thousands of dollars ($000s).

(b) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services, excluding Goods and Services Tax, rebates and discounts and after eliminating sales within the Company. Revenue is recognised as follows:

(i) Interest income

Interest income is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

(ii) Council funding

Council funding is recognised as revenue when it becomes 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 funding is initially recorded as income received in advance and recognised as revenue when conditions of the funding are satisfied.

(c) 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 substantively 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 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 calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, using tax rates that have been enacted or substantively enacted by balance date.

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.

(d) Goods and Services Tax (GST)

The statement of comprehensive income has been prepared so that all components are stated exclusive of GST. All items in the balance sheet are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

(e) Foreign Currency Transactions

Foreign currency transactions are translated into New Zealand Dollars (the functional currency) using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

(f) Employee Entitlements

Short Term Benefits

Employee benefits that the Company expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, and sick leave.

The Company recognises a liability for sick leave to the extent that 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 those future absences.

The Company recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

(g) Leases

(i) The Company is the lessee

Leases in which the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding.

The corresponding rental obligations, net of finance charges are included in interest bearing liabilities. The interest element of the finance cost is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under an operating lease (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight line basis over the period of the lease.

(h) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within interest bearing liabilities in current liabilities on the balance sheet.

(i) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts.

A provision for impairment of trade 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 the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income within 'other expenses'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

(j) Financial assets

The Company classifies its financial assets into the following four categories:

- Financial assets at fair value through profit or loss
- Held to maturity investments
- Loans and receivables
- Financial assets at fair value through equity

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Financial assets are initially measured at fair value plus transaction costs unless they are carried at fair value through profit or loss in which case the transaction costs are recognised in the surplus/loss.

Purchases and sales of investments are recognised on trade date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used is the current bid price.

The fair value of financial instruments that are not traded in an active market are determined using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long term debt instruments held. Other techniques, such as estimated discounted cash-flows, are used to determine fair value for the remaining financial instruments.

The four categories of financial assets are:

- Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

After initial recognition they are measured at their fair values. Gains or losses on re-measurement are recognised in the statement of comprehensive income.

Financial assets in this category include interest rate swaps.

- Held to maturity

Held to maturity investments are non-derivatives financial assets with fixed or determinable payments and fixed maturities that the Company has the positive intention and ability to hold to maturity.

- Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial recognition they are measured at amortisation cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the statement of comprehensive income. Loans and receivables are classified as “trade and other receivables” in the balance sheet.

- Financial assets at fair value through equity

Financial assets at fair value through equity are those that are designated as fair value through equity or are not classified in any of the other categories above.

After initial recognition these investments are measured at their fair value.

Gains and losses are recognised in other comprehensive income except for impairment losses, which are recognised in the surplus/loss.

On de-recognition the cumulative gains or losses previously recognised in other comprehensive income is reclassified from equity to the surplus/deficit.

(k) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non current assets. Loans and receivables are included in 'trade and other receivables' in the balance sheet.

Purchases and sales of investments are recognised on trade date the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Available for sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables and held to maturity investments are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the ‘financial assets at fair value through profit or loss’ category are included in the statement of comprehensive income in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of securities classified as available for sale are recognised in equity, except for foreign exchange movements on monetary assets, which are recognised in the statement of comprehensive income. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments are included in the statement of comprehensive income as gains and losses from investment securities.

(l) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined using valuation techniques. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance sheet date.

(m) Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated on a straight line basis on all property, plant and equipment at rates that will write off the cost of the asset over their estimated useful lives. The estimated useful lives of assets are as follows:

Vehicles	5 years (21.0%)
Computer Equipment	1 to 5 years (21.0% - 67.0%)
Furniture and Fittings	9 to 14 years (7.0% - 10.5%)

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

(n) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

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

(o) Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(p) Critical accounting estimates and assumptions

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

Changes in Accounting Policies

There have been no changes to accounting policies during the year.

Standards, amendments, and interpretations issued that are not yet effective and have not been early adopted by the Company are:

- 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 has been completed and has been published in the new financial 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 assets (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/deficit. The new standard is required to be adopted for the year ended 30 June 2016. However, as a new Accounting Standards Framework will apply before this date, there is no certainty when an equivalent standard to NZ IFRS 9 will be applied by public benefit entities.

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, the Company can elect to be either a Tier 2 or Tier 3 reporting entity. Tier 2 entities will comply with Public Benefit Entities (PBE) Accounting Standards Reduced Disclosure Regime. Tier 3 entities will comply with PBE Simple Format Reporting Standard – Accrual. These standards are being developed by the XRB based on current International Public Sector Accounting Standards. The effective date for the new standards for public sector entities is expected to be for reporting periods beginning on or after 1 July 2014. This means the Company expects to transition to the new standards in preparing its 30 June 2015 financial statements. As the Public Sector Accounting Standards are still under development, the Company is unable to assess the implications of the new Accounting Standards Framework at this time. Due to the change in the Accounting Standards Framework for public benefit entities, it is expected that all new NZ IFRS and amendments to existing NZ IFRS will not be applicable to public benefit entities. Therefore, the XRB has effectively frozen the financial reporting requirements for public benefit entities up until the new Accounting Standards Framework is effective. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

3. CASH AND CASH EQUIVALENTS

	2013 $000	2012 $000
Cash at bank and in hand	200	313
Total Cash and Cash Equivalents	**200**	**313**

4. TRADE AND OTHER RECEIVABLES

	2013 $000	2012 $000
Trade receivables	55	47
Income tax receivable	2	0
Total Trade and Other Receivables	**57**	**47**

The carrying amount of receivables that are past due date, but not impaired, whose terms have been renegotiated is nil.

As at 30 June 2013 all overdue receivables have been assessed for impairment and appropriate provisions applied as detailed below.

	2013 $000			2012 $000		
	Gross	Impairment	Net	Gross	Impairment	Net
Not past due	5	0	5	9	0	9
Past due 0-30 days	11	0	11	4	0	4
Past due 31-60 days	2	0	2	1	0	1
Past due 61-90 days	0	0	0	13	0	13
Past due > 91 days	4	0	4	6	0	6
Total	**23**	**0**	**23**	**33**	**0**	**33**

5. PROPERTY, PLANT AND EQUIPMENT

2013 $000	Cost 1/7/2012	Accumulated Depreciation 1/7/2012	Carrying Amount 1/7/2012	Current Year Additions	Current Year Depreciation	Cost 30/6/2013	Accumulated Depreciation 30/6/2013	Carrying Amount 30/6/2013
Vehicles	0	0	0	45	1	45	1	43
Computer equipment	1	0	1	3	1	4	1	3
Furniture and fittings	0	0	0	8	0	8	0	7
	1	**0**	**1**	**56**	**2**	**57**	**2**	**54**

2012 $000	Cost 1/7/2011	Accumulated Depreciation 1/7/2011	Carrying Amount 1/7/2011	Current Year Additions	Current Year Depreciation	Cost 30/6/2012	Accumulated Depreciation 30/6/2012	Carrying Amount 30/6/2012
Vehicles	0	0	0	0	0	0	0	0
Computer equipment	0	0	0	1	0	1	0	1
Furniture and fittings	0	0	0	0	0	0	0	0
	0	**0**	**0**	**1**	**0**	**1**	**0**	**1**

During the year the company capitalised expenditure of $9,105 which related to assets acquired and treated as expenditure in the prior year. The original cost of those assets was $11,439 and depreciation calculated to the date of capitalisation in the current year was $2,334.

6. TRADE AND OTHER PAYABLES

	2013 $000	2012 $000
Trade payables	182	184
Sundry accruals	26	52
Income tax payable	0	33
Total Trade and Other Payables	**209**	**269**

7. FINANCE LEASE LIABILITY

	2013 $000	2012 $000
Toyota Finance – Suzuki SX4	18	0
Total Finance Lease Liability	**18**	**0**

The Toyota Finance loan is secured over the 2013 Suzuki SX4 (GYR161). Interest is incurred at 0.00% per annum and the loan is due to be fully repaid in June 2014.

8. INCOME TAX EXPENSE / (CREDIT)

	2013 $000	2012 $000
Current tax	2	35
Prior period adjustment	0	0
Movement in temporary differences	(7)	(9)
	(5)	**26**

Reconciliation of Effective Tax Rate	%	2013	%	2012
Surplus for the period excluding income tax		(17)		94
Prima facie income tax based on domestic tax rate	28.00%	(5)	28.00%	26
	28.00%	**(5)**	**28.00%**	**26**

Imputation Credits	2013 $000	2012 $000
Imputation Credits Available for use in Subsequent Periods	39	37

Deferred Tax Assets	Development property	Financial assets	Employee Entitlements	Other	Total
Balance at 1 July 2011	**0**	**0**	**0**	**0**	**0**
Charged to profit and loss	0	0	6	3	9
Tax loss recognised	0	0	0	0	0
Charged to equity	0	0	0	0	0
Balance at 30 June 2012	**0**	**0**	**6**	**3**	**9**
Charged to profit and loss	0	0	3	1	4
Tax loss recognised	0	0	0	3	3
Charged to equity	0	0	0	0	0
Balance at 30 June 2013	**0**	**0**	**9**	**7**	**16**

9. SHARE CAPITAL

	2013	2012
Ordinary Shares ($)	0	0
Ordinary Shares (#)	1,000	1,000

None of the above shares is held by the Company or its subsidiaries.

Ordinary Shares

As at 30 June 2013 there were 1,000 shares issued. All ordinary shares rank equally with one vote attached to each fully paid ordinary share. Ordinary shares do not have a par value.

10. RETAINED EARNINGS

	2013 $000	2012 $000
Balance at 1 July	**68**	**0**
Operating surplus/(loss) after tax	(12)	68
Balance at 30 June	**56**	**68**

11. RELATED PARTY TRANSACTIONS

Directors

Alastair Calder was a director of Agri Travel International Limited. HWTL had no transactions with the company during the year (2012 : $261).

Graeme Osborne is a director of The NZ Company Limited. HWTL had transactions of $8,668 with the company (2012 : $5,883).

Graeme Osborne is a director of Destination Coromandel. HWTL has transactions of $1,620 with the company (2012 : NIL).

Simon Douglas is a business director of Beca Carter Holdings + Ferner Limited. HWTL had no transactions with the company during the year (2012 : $3,500)

Donald Scarlett is the secretary of the National Wetland Trust. HWTL had no transactions with the company during the year (2012 : $65).

Anna Bounds is an officer at The University of Waikato. HWTL had transactions of $174 with the company (2012 : $200).

Shareholder

Hamilton & Waikato Tourism Limited is a wholly owned subsidiary of Waikato Regional Airport Limited (WRAL). The following transactions were carried out with WRAL during the year:

Related Party	Nature of transactions	Relationship with company	2013 $000 Transaction	2013 $000 Outstanding balance as at 30/06/13	2012 $000 Transaction	2012 $000 Outstanding balance as at 30/06/12
Waikato Regional Airport Limited	Contribution to campaigning	Parent	0	0	48	0
Waikato Regional Airport Limited	2010/11 funding	Parent	0	0	52	0
Waikato Regional Airport Limited	Provision of services under a service level agreement	Parent	49	0	40	0
Waikato Regional Airport Limited	Receipt of services under a service level agreement	Parent	(40)	0	(40)	0
			9	**0**	**100**	**0**

12. DIRECTORS' FEES

Fees paid to the Company's Board of Directors for the year total $36,333 (2012 : $21,000).

13. EVENTS AFTER BALANCE DATE

There were no events after balance date that could significantly affect the financial statements.

14. COMMITMENTS

There are no capital commitments at balance date.

15. CONTINGENCIES

There are no contingent assets or liabilities at balance date.

16. PERFORMANCE TARGETS AND RESULTS

The Company prepares an annual Statement of Corporate Intent, which is approved by Shareholders and incorporates financial and performance measures for the ensuing year.

A comparison of the Company's actual results for the year with those targeted is given below.

Performance targets to 30 June 2013	Actual	Target Statement of Corporate Intent
Market share of guest nights	3.39%	3.40%
Convention sector market share of delegate days	11.00%	9.00%
Website traffic (total visits)	135,865	100,000
Industry partnership contributions	$353,440	$300,000

Dividend

Your Directors recommend that no dividend be declared.

Auditor

As required by Clause 23 of the Company's Constitution, the Auditor-General is responsible for the Company's audit. This function is contracted to Audit New Zealand.

Directors' Interests

The following directors have made a general disclosure of interest with respect to any transaction or proposed transaction that may be entered into with other entities on the basis of him being a director, partner, trustee or officer of those entities.

Director	Entity	Interest
A Calder	University of Waikato Foundation	Trustee
	Agri Travel International Ltd	Director
	Calder & Lawson Tours Ltd	Director
	Titanium Park Ltd	Director
	Calder & Lawson Investments Ltd	Director
	Waikato Regional Airport Ltd	Director
	Hospice Waikato	Chairman
	Rokefield	Director
G Osborne	Destination Coromandel	Director
	The NZ Company Ltd	Director
	Manukau Institute of Technology – Faculty of Business	Associate Dean
S Douglas	AA Motoring Affairs	Policy Manager
	Board Secretary SADD Trust	Secretary
A Bounds	The University of Waikato	Officer
D Scarlet	ROTAB Investments	Chairman
	National Wetland Trust	Secretary
	Waikato Catchment Ecological Enhancement Trust	Trustee
	PD Scarlet Medical Services Ltd	Director
	Mighty River Power	Key Relationships Manager

Use of Company Information

No notices were received from Directors requesting use of Company information received in their capacity as Directors that would not have been otherwise available to them.

Share Dealing

No Director holds shares in the Company nor acquired or disposed of any interest in shares in the Company during the year.

Directors' Remuneration

Director remuneration paid during the year was as follows:

Alastair Calder	$8,333
Graeme Osborne	$7,000
Anna Bounds	$7,000
Simon Douglas	$7,000
Donald Scarlet	$7,000

Insurance
Directors' and Officers' liability insurance is with Vero Liability Insurance Ltd, with the policy for the parent Company extending to the Company.

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of Hamilton and Waikato Tourism Limited's financial statements and performance information for the year ended 30 June 2013

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

We have audited:

- the financial statements of the company on pages 2 to 16, that comprise the balance sheet as at 30 June 2013, the statement of comprehensive income, and statement of changes in equity for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the company in note 16 on page 14.

Opinion

Financial statements and performance information

In our opinion:

- the financial statements of the company on pages 2 to 16:
  - comply with generally accepted accounting practice in New Zealand;
  - give a true and fair view of the company's:
    - financial position as at 30 June 2013;
    - financial performance for the year ended on that date; and
- the performance information of the company on in note 16 page 14:
  - complies with generally accepted accounting practice in New Zealand; and
  - gives a true and fair view of the company's service performance achievements measured against the performance targets adopted for the year ended 30 June 2013.

Other legal requirements

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

Our audit was completed on 17 September 2013. This is the date at which our opinion is expressed.

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

Basis of opinion

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

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and performance information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

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

An audit also involves evaluating:

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

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and performance information. Also we did not evaluate the security and controls over the electronic publication of the financial statements and performance information.

In accordance with the Financial Reporting Act 1993, we report that we have obtained all the information and explanations we have required. We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Board of Directors

The Board of Directors is responsible for preparing financial statements and performance information that:

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

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

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

Responsibilities of the Auditor

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

Independence

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

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

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

Board of Directors	Alastair Calder (Chairman) Graeme Osborne Simon Douglas Anna Bounds Donald Scarlet
Chief Executive Officer	Kiri Goulter
Marketing Manager	Rebecca Evans
Registered Office	Hamilton Airport Terminal Building Hamilton International Airport Airport Road, R D 2 Hamilton 3282
Telephone	07 843 0056
Facsimile	07 843 2365
Bankers	Bank of New Zealand
Solicitors	Tompkins Wake, Hamilton
Auditors	Audit New Zealand, Hamilton on behalf of the Controller and Auditor General.