

Annual Report

RotoruaNZ Limited
For the year ended 30 June 2025



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Who we are

RotoruaNZ Limited

For the year ended 30 June 2025

RotoruaNZ is the Economic Development Agency (EDA) and Regional Tourism Organisation (RTO) for the Rotorua district.

Our work supports the development of the Rotorua economy, unlocking opportunities for commercial investment and providing employment, wealth and wellbeing for all of our people. RotoruaNZ is committed to developing and promoting Rotorua as a destination of choice to work, study, visit, invest and live in. RotoruaNZ's key trading activities and brands are RotoruaNZ, i-SITE, Sir Howard Morrison Centre, Energy Events Centre, and Mai Rotorua.

RotoruaNZ is a Council Controlled Organisation (CCO) that works in partnership with iwi, private sector business, local government, community organisations and central government to support their growth aspirations and enhance the Rotorua identity and reputation. We operate as a neutral entity and a trusted advisor, balancing the needs of each group of stakeholders for the benefit of the destination.

RotoruaNZ is led by Chief Executive Andrew Wilson and governed by an independent board of directors:

Tim Cossar (Chair) – appointed 9 June 2020

David Tapsell (Director) - appointed 01 May 2021

Keri-Anne Tane (Director) - appointed 01 May 2021

Paul Button (Director) - appointed 01 August 2023

Marisa Bidois (Director) - appointed 01 August 2023 (term ended 1 Aug 2025)

Sarah Meikle (Director) - appointed 01 August 2023



Mihi from the Board Chair and Chief Executive

RotoruaNZ Limited

For the year ended 30 June 2025

Tēnā koutou katoa,

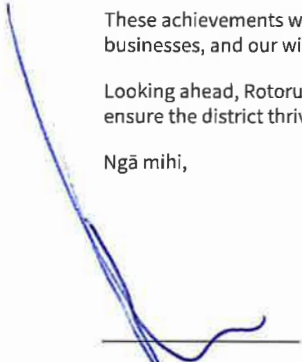
We are pleased to present RotoruaNZ's Annual Report for the year ended 30 June 2025. This year has seen Rotorua continue to demonstrate resilience and adaptability in the face of global and domestic challenges. Visitor markets are evolving, competition for investment remains strong, and yet Rotorua continues to stand out for its natural beauty, geothermal wonders, and rich cultural identity.

RotoruaNZ has remained focused on its role as both the region's tourism organisation and economic development agency. We have worked to rebuild reputation, strengthen our brand, enhance community pride, and drive economic growth. From marketing campaigns that shifted perceptions in key markets to hosting significant international events, our efforts have delivered tangible results for Rotorua and its people.

These achievements would not have been possible without the continued support of Rotorua Lakes Council, iwi partners, businesses, and our wider community. We thank you all for your collaboration and commitment.

Looking ahead, RotoruaNZ will continue to champion Rotorua's unique strengths, attract investment, and deliver outcomes that ensure the district thrives as a place to live, visit, work, and do business.

Ngā mihi,



Tim Cossar

Board Chair



Andrew Wilson

Chief Executive

Our Focus

RotoruaNZ Limited

For the year ended 30 June 2025

RotoruaNZ's mandate is to deliver both regional tourism and economic development outcomes, ensuring Rotorua thrives as a diverse and resilient economy. This year our work has centred on five interconnected areas of focus:

- Reputation Rebuild – Building pride and confidence in Rotorua through community-led initiatives, authentic storytelling, and the *I AM ROTORUA* campaign.
- Marketing & Brand Development – Positioning Rotorua as a vibrant, world-class destination through targeted campaigns in priority markets, both domestic and international.
- Events & Venues – Delivering the Rotorua Events Strategy, maximising the potential of the Sir Howard Morrison Centre and Energy Events Centre, and strengthening Rotorua's reputation as a hub for performing arts and major events.
- Visitor Services – Enhancing manaakitanga and service excellence across our i-SITEs, education networks, and group services to ensure exceptional visitor experiences.
- Business Growth & Investment – Driving innovation and investment in tourism, forestry, and the wider bioeconomy through initiatives such as Te Papa Tipu Innovation Park and the Bio-innovation Park, alongside regional deal and infrastructure fund applications.

This focus has enabled RotoruaNZ to contribute to both immediate visitor economy recovery and long-term transformational growth.



Our Successes & Achievements

RotoruaNZ Limited

For the year ended 30 June 2025

RotoruaNZ has delivered strongly across its strategic priorities, achieving significant outcomes for the district. Key highlights include:

Tourism and Marketing

- The *Robe Trip* campaign lifted Auckland perceptions of Rotorua as a romantic getaway by 15% and delivered a 9.4% increase in Auckland spend transactions against a national decline.
- Hosting TRENZ 2025 showcased Rotorua to more than 700 international buyers, reinforcing our global profile.

Events and Venues

- Rotorua attracted a wide range of high-profile events, including international acts such as Sarah Millican, Jimmy Carr, and the Royal New Zealand Ballet, alongside celebrated local productions such as *Whetūrangihia*.
- More than 52,000 people attended events at the Sir Howard Morrison Centre and over 62,000 at the Energy Events Centre, strengthening community vibrancy and economic impact.
- The successful bid to host the Samoa v Fiji rugby test match in 2025 highlights Rotorua's ability to deliver major international sporting events.

Visitor Services

- Rotorua i-SITEs accounted for more than 30% of national i-SITE sales, with Waipa Forest Camp recording over 4,000 overnight stays in early 2025.
- The Rotorua Education Network exceeded its annual target well before year-end, securing more than \$2.8 million in school group bookings.

Business Growth and Investment

- Rotorua secured \$181,750 from MBIE's Regional Events Promotion Fund, the highest allocation nationally.
- A Regional Deal application, jointly submitted with Taupō and Bay of Plenty Regional Councils, established priority investment areas in tourism, forestry, energy, and logistics.
- Progress was advanced on Te Papa Tipu Innovation Park and the BioFactory, positioning Rotorua as a leader in the emerging bioeconomy.

Performance Measures

- Domestic visitor spending grew to more than \$310 million for the year to May 2025.
- Business events secured \$9.55 million in confirmed leads as at June 2025, placing Rotorua on track to exceed its \$10 million annual target.
- The *I AM ROTORUA* series and digital *My Card* initiative continued to strengthen community pride, with over 1,400 residents engaged.

Together, these achievements reflect RotoruaNZ's role as a catalyst for growth and resilience. Through a balanced focus on tourism, events, business development, and investment attraction, RotoruaNZ continues to deliver tangible outcomes that benefit Rotorua's people, economy, and future.

Statement of Responsibility

RotoruaNZ Limited

For the year ended 30 June 2025

The Directors of Rotorua Economic Development Limited accept responsibility for:

- the preparation of the Company's financial statements, and statements of expenses and capital expenditure, and statement of service performance, and for the judgements expressed in them;
- having in place a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting and statement of service performance; and
- The accuracy of any end-of-year performance information prepared by the Company, whether or not that information is included in the annual report.

In the Directors opinion:

- The financial statements fairly reflect the financial position of the Company as at 30 June 2025 and its operations for the year ended on that date.

Chairperson

Entity Information

RotoruaNZ Limited

For the year ended 30 June 2025

Date of Incorporation

11 April 2012

Company Number

3776876

IRD Number

108-936-868

Nature of Business

RotoruaNZ is the Economic Development Agency (EDA) and Regional Tourism Organisation (RTO) for the Rotorua district. Our work supports the development of the Rotorua economy, unlocking opportunities for commercial investment and providing employment, wealth and wellbeing for all of our people. RotoruaNZ is committed to developing and promoting Rotorua as a destination of choice to work, study, visit, invest and live in. RotoruaNZ's key trading activities and brands are RotoruaNZ, i-SITE, Sir Howard Morrison Centre, Energy Events Centre, and Mai Rotorua.

Business Location

1167 Fenton Street, Rotorua 3010

Registered Office

1061 Haupapa Street, Rotorua, 3010

Directors

Tim Cossar (Chair) - appointed 9 June 2020
David Tapsell - appointed 01 May 2021
Keri-Anne Tane - appointed 01 May 2021
Marisa Bidois - appointed 01 August 2023 (term ended 1 Aug 2025)
Paul Button - appointed 01 August 2023
Sarah Meikle - appointed 01 August 2023

Shareholders

Rotorua Lakes Council	100% Shareholder	100 Ordinary Shares
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Main Sources of Entity's Cash and Resources

Funding under Rotorua Lakes Council Long Term Plan

Funding Applications

I-Site Retail Trading

Venues Management

Main Methods Used by the Entity to Raise Funds

Funding Applications

I-Site Retail Trading

Events Management

Venues Management

Entity's Reliance on Voluntary & Donated Goods & Services

Reliance on volunteer hours and donated goods & services is not paramount to the Entity

Auditor

Silks Audit Chartered Accountants, on behalf of the Auditor-General

Chartered Accountant

BWTL Advisory Limited, Rotorua

Bankers

BNZ Bank, Rotorua

The 2024-25 Key Performance Measures	Achieved 24	Not Achieved 6
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Measures	YE Result June 2024	YE Target June 2025	YE Actual June 2025	Status	Comment
Marketing and communications - Strengthening Rotorua's reputation and building brand equity					
Domestic visitor card expenditure in Rotorua (based on Marketview Tourism Tool dataset)	\$323.5m ¹	≥ \$320m	\$336.4m	Achieved	There has been steady growth in domestic visitor card spending in Rotorua during the past twelve months, which enabled the target to be achieved ahead of expectations and despite cost of living challenges in New Zealand.
International visitor card expenditure in Rotorua (based on Marketview Tourism Tool dataset)	\$128.4m ¹	≥ \$135m	\$129.2m	Not Achieved	There has been strong growth in spending by US card holders in Rotorua, however that growth has been more than offset by declines in most other international markets and overall resulted in a marginal decline in international card spending in Rotorua over the previous year.
% of commercial accommodation occupied (based on MBIE ADP dataset)	55.9%	≥ 57%	55.5%	Not Achieved	Room nights occupied for the year ending June 2025 were up 4.3% over the same period of the previous year, however occupancy (ie. room nights occupied as a percent of room nights available) was down as a result of increased capacity mostly attributable to visitor accommodation that had been repurposed during COVID being returned to use as visitor accommodation. The hotel sector accounts for almost half of all commercial visitor accommodation capacity and recorded a two-percentage point lift in occupancy to 68.4% for the year ending June 2025.
% of local visitor economy stakeholders satisfied with RotoruaNZ services (Survey of Rotorua attraction, hospitality, food & beverage businesses)	80%	≥ 75%	72.6%	Not Achieved	Question in the RotoruaNZ stakeholder satisfaction survey, asking Rotorua businesses to rate their satisfaction that RotoruaNZ supports 'Rotorua as a whole', 'their industry' and 'their own business'. The figure is calculated as an average of these three selections using % satisfied plus % very satisfied (Tourism, Accommodation and Hospitality & Food Services businesses only).

Measures	YE Result June 2024	YE Target June 2025	YE Actual June 2025	Status	Comment
% of domestic travellers that have visited Rotorua overnight within the past 12 months (based on Angus & Associates, VIP dataset)	11%	≥ 15%	11%	Not Achieved	Rotorua's market share of overnight domestic visitors has remained the same as the previous year at 11%, which although below target is an improvement over the decline occurring in each of the more recent years. Roading improvements such as the Waikato Expressway have possibly contributed to some substitution of overnight stays for day visitation.
% of domestic travellers find Rotorua highly appealing as a destination for a short break or holiday (based on Angus & Associates, VIP dataset)	36%	≥ 37%	33%	Not Achieved	After an uplift in the previous year, Rotorua's domestic traveller appeal has again declined to the survey low point and possibly indicates the ongoing challenge of rebuilding Rotorua's brand reputation.
Net Promoter Score (NPS) of domestic visitors to Rotorua within the past 12 months who would recommend Rotorua as a travel destination (based on Angus & Associates, VIP dataset)	+21	≥ +12	+13	Achieved	Rotorua's domestic visitor Net Promoter Score was +13 (versus +11 national benchmark), indicating the word of mouth promotion from loyal supporters recommending Rotorua as a travel destination continues to outweigh the voice of detractors.
% of domestic travellers who definitely or probably will visit Rotorua within the next 12 months (based on Angus & Associates, VIP dataset)	37%	≥ 35%	37%	Achieved	Domestic traveller intention to visit Rotorua was the same as the previous year and is an opportunity for converting intention into visitation by ensuring marketing messages pitch time-sensitive reasons to visit and/or new experiences.
Destination sales - Delivering sales across key commercial venues (Energy Events Centre and Sir Howard Morrison Centre), international, business events, education and groups, and in-destination					
i-SITE to be financially self-sufficient	+\$177,654	≥ \$0	+\$3,531	Achieved	The i-SITE achieved a financially self-sufficient position driven by good growth in revenue and despite costs associated with a delayed start in a new revenue stream.

Measures	YE Result June 2024	YE Target June 2025	YE Actual June 2025	Status	Comment
Business events - value of bids won in financial year (based on MBIE CDS dataset and RotoruaNZ lead sheet confirmed conferences)	\$12.60m ²	≥ \$10m	\$10.22m	Achieved	The combined efforts of RotoruaNZ Business Events team and the Events & Venues Rotorua sales team have successfully achieved their target in a challenging sales environment, following the post-COVID surge of 'catch-up' events. Together, the team secured several high-profile business events including one valued at over \$1.2 million in visiting delegate spend, as well as two others valued at more than \$500,000 each.
Education and Group Bookings - annual value of school bookings through the Rotorua Education Network	\$2.073m	≥ \$1.45m	\$2.867m	Achieved	There was very strong demand for school group bookings throughout the whole year, resulting in the annual target being attained only six months into the reporting year.
The number of event days that the <u>Sir Howard Morrison Centre</u> is utilised from total possible available days using booking information	Not measured	Establish baseline	Total: 32.3%	Achieved	Utilisation is based on a 'space day' calculation, which is the total number of potential days across the key spaces being utilised. Only the larger commercial spaces have been included in this calculation. Maintenance is not included. Baseline utilisation calculated using Momentus booking information for finalised events in the 2024 calendar year as extracted in April 2025.
	Not measured	Establish baseline	Commercial: 18.0%	Achieved	As above
	Not measured	Establish baseline	Community: 14.4%	Achieved	As above
The number of people attending events at the <u>Sir Howard Morrison Centre</u>	Not measured	Establish baseline	52,331	Achieved	As above, people attending events is based on the larger commercial spaces and excluding maintenance. People attending events is calculated using Momentus 'actual attendance' data for finalised events in the 2024 calendar year as extracted in April 2025.
The number of event days that the <u>Energy Events Centre</u> is utilised from total possible available days using booking information	Not measured	Establish baseline	Total: 22.9%	Achieved	As above for SHMC utilisation
	Not measured	Establish baseline	Commercial: 20.8%	Achieved	As above
	Not measured	Establish baseline	Community: 2.2%	Achieved	As above

Measures	YE Result June 2024	YE Target June 2025	YE Actual June 2025	Status	Comment
The number of people attending events at the <u>Energy Event Centre</u>	Not measured	Establish baseline	62,384	Achieved	As above for SHMC people attended
Major events and events delivery support - Strengthening Rotorua's reputation, enhancing vibrancy and delivering economic impact					
Delivery against the event strategy: Fund distribution	Not measured	Establish baseline	Tier 1: 53%	Achieved	Baseline distribution of funds is as per the proposed event strategy criteria as at October 2024.
	Not measured	Establish baseline	Tier 2: 27%	Achieved	As above
	Not measured	Establish baseline	Tier 3: 20%	Achieved	As above
Delivery against the event strategy: Events funded	Not measured	Establish baseline	Tier 1: 1	Achieved	As above
	Not measured	Establish baseline	Tier 2: 6	Achieved	As above
Visitor services and venue operations - Providing high quality service delivery across operational teams					
Post event evaluation satisfaction rate	Not measured	Establish baseline	77.9%	Achieved	Question in the RotoruaNZ venue perception survey, asking event organisers to rate RotoruaNZ effectiveness on six service delivery metrics at the EEC and SHM venues. The figure is calculated using the weighted average of responses on the ten point effectiveness scale for responses received as at 30 June 2025.
Business growth, insights, and innovation - Delivering economic development initiatives, with a focus on priority sectors – tourism and forestry – and facilitating broader business growth initiatives					
The number of Te Arawa economic development projects directly supported by RotoruaNZ	2	>= 2	2	Achieved	- Supporting Marae / Papakainga / Cultural tourism project through regional infrastructure fund process. - Supporting potential new Maori tourism development opportunity through feasibility

Measures	YE Result June 2024	YE Target June 2025	YE Actual June 2025	Status	Comment
The number of actions supported or delivered by RotoruaNZ in the Forest Futures Action Plan	2	>= 2	2	Achieved	• Action 13: Identify and drive opportunities for the uptake of wood-based bio-products (e.g., biofuels, biochemicals, bio plastics etc.) - Leading the project with Scion on the creation of Bio-innovation park as part of the regional infrastructure fund application • Action 12: Establish a bio-pilot testing facility in Rotorua. - Working alongside Scion on the BioFactory business case and Regional Infrastructure Fund application.
The number of projects identified in the Rotorua Destination Management Plan directly delivered or supported by RotoruaNZ	4	>= 4	4	Achieved	• In-depth Auckland qualitative and quantitative market research conducted, aligned to our tourism strategic objective to grow key markets • Tourism forecasts have been completed, mapping out Rotorua's potential market growth over the next 10 years • Creating a more connected destination: creation of digital My Card system and process • Inner city blueprint project has kicked off

Measures	YE Result June 2024	YE Target June 2025	YE Actual June 2025	Status	Comment
The number of submissions written by RotoruaNZ and/or projects supported to apply for a government fund	Not measured	>= 3	3	Achieved	• Geothermal Plan Change • Science System Phase 2 Review • DOC submissions - DOC consultation on charging for access to conservation land - DOC consultation on modernising conservation land management
% of local businesses satisfied with the quality of RotoruaNZ's destination data and insights developed to support decision making by business (Survey of all Rotorua businesses)	72%	>= 75%	74.1%	Not Achieved	Question in the RotoruaNZ stakeholder satisfaction survey, asking Rotorua businesses to rate RotoruaNZ effectiveness at providing 'Data, research and insights'. The figure is calculated using the weighted average of responses on the five point effectiveness scale. The overall result across all industries is marginally short of the target, however filtering the responses to the visitor industry results in higher satisfaction, which is possibly reflective of the increased resources invested into reporting tourism data and insights.

¹ Marketview spend is subject to revision and therefore the value published herewith and in the Statement of Intent will not reconcile to the latest value published by Marketview for the June 2024 year.

² Events are typically won more than 12 months in advance of the event date. As business events occur the tentative room nights held are adjusted to reflect actual room nights and therefore the value published herewith and in the Statement of Intent will not reconcile to the latest value in RotoruaNZ business records for the June 2024 year.

Statement of Comprehensive Revenue and Expense

RotoruaNZ Limited

For the year ended 30 June 2025

	NOTES	2025	2024
Revenue			
Council Funding	2	8,082,663	4,270,000
Government Funding	2	507,325	80,000
Other Income	3	7,569,240	3,772,273
Interest Received	4	56,973	40,985
Total Revenue		16,216,201	8,163,258
Expenses			
Advertising, Marketing and Communications	5	3,634,165	1,083,391
Depreciation and Amortisation	12	129,823	68,478
Personnel Costs	6	6,069,321	3,597,429
Other Expenses	7	5,782,782	3,256,981
Total Expenses		15,616,092	8,006,279
Surplus/(Deficit) before tax		600,109	156,979
Surplus/(Deficit) after tax		600,109	156,979
Total comprehensive income & expense		600,109	156,979

NOTE: The accompanying notes from an integral part of these financial statements.



Statement of Financial Position

RotoruaNZ Limited

As at 30 June 2025

	NOTES	30 JUN 2025	30 JUN 2024
Assets			
Current Assets			
Cash and Cash Equivalents	9	1,225,689	498,302
Trade and Other Receivables	10	2,004,801	258,141
Other Current Assets	11	578,205	517,949
Total Current Assets		3,808,695	1,274,392
Non-Current Assets			
Property, Plant and Equipment	12	390,027	312,553
Intangible Assets	14	306,982	238,782
Total Non-Current Assets		697,009	551,336
Total Assets		4,505,705	1,825,728
Liabilities			
Current Liabilities			
Trade and Other Payables	15	2,895,601	1,160,134
Employee Entitlements	16	626,415	282,015
Total Current Liabilities		3,522,016	1,442,149
Total Liabilities		3,522,016	1,442,149
Net Assets		983,688	383,579
Equity			
Share Capital	17	232,493	232,493
Retained Earnings	17	751,195	151,086
Total Equity		983,688	383,579

NOTE: The accompanying notes form an integral part of these financial statements.



Statement of Changes in Equity

RotoruaNZ Limited

For the year ended 30 June 2025

	NOTES	2025	2024
Equity			
Balance 1 July		383,579	226,600
Surplus/(Deficit)	17	600,109	156,979
Balance at 30 June		983,688	383,579

NOTE: The accompanying notes form an integral part of these financial statements.



Statement of Cash Flows

RotoruaNZ Limited

For the year ended 30 June 2025

	NOTES	2025	2023
Cash flows from Operating Activities			
Interest Received		56,973	40,985
Receipts from Providing Goods and Services		14,750,891	7,980,306
Realised Currency Gains/(Losses)		1,040	-
Payments to Suppliers and Employees		(13,739,956)	(7,632,707)
Directors Remuneration Paid		(103,750)	(131,250)
Goods and Services Tax (net)		43,931	(52,003)
Resident Withholding Tax Paid to IRD		3,544	(9,771)
Net Cash Flows from Operating Activities		1,012,673	195,560
Cash flows from Investing Activities			
Purchase of Property, Plant & Equipment		(275,497)	(278,780)
Receipts from Sale of Property, Plant & Equipment		2,939	-
Net Cash Flows from Investing Activities		(272,558)	(278,780)
Cash flows from Financing Activities			
Loan Repayments		-	-
Proceeds from Shareholders		-	-
Net Cash Flows from Financing Activities		-	-
Net Increase/(Decrease) in Cash & Cash Equivalents		740,115	(83,220)
Cash and Cash Equivalents at the beginning of the Year		498,302	581,522
Cash and Cash Equivalents at the end of the Year	9	1,225,689	498,303

NOTE: The accompanying notes form an integral part of these financial statements.



Notes to the Financial Statements

RotoruaNZ Limited

For the year ended 30 June 2025

1. STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

Rotorua Economic Development Limited ('the Company') is a limited liability company incorporated in New Zealand under the Companies Act 1993 and is domiciled in New Zealand. The Company is fully owned by the Rotorua Lakes Council and is a Council Controlled Organisation as defined under section 6 of the Local Government Act 2002.

The Company has designated itself as a public benefit entity (PBE) for financial reporting purposes.

The financial statements of the Company are for the year ended 30 June 2025. The audited financial statements were authorised for issue by the directors on 30 September 2025.

Basis of Preparation

The financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the year.

Statement of compliance

The Company is a reporting entity for the purposes of the Financial Reporting Act 2013. These financial statements comply with the Financial Reporting Act 2013, the Companies Act 1993, and Section 69 of the Local Government Act 2002, which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

These financial statements have been prepared in accordance with Tier 2 PBE Reduced Disclosure Regime (RDR) accounting standards.

The entity is eligible and has elected to report in accordance with Tier 2 PBE RDR Standards on the basis that the entity has no public accountability and has expenses >\$2m and <\$30m.

These financial statements comply with PBE standards.

Measurement base

The financial statements have been prepared on a historical cost basis.

Functional and presentation currency

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

SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies which materially affect the measurement of financial results and financial position have been adopted in the preparation of the financial statements.

Revenue

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

Council and Government Funding

Council and Government grants are recognised as revenue when the funding is received unless there is an obligation to return the funds if conditions of the grant are not met ("use or return condition"). If there is such an obligation, the grant is initially recorded as a liability and recognised as revenue when conditions of the grant are satisfied.

Sale of goods

Revenue from the sale of goods is recognised when the goods are sold to the customer.

Sale of services

Revenue from the sale of services is recognised when the service is provided.

Interest

Interest income is recognised as it is earned during the year.

Income Tax

Income tax expense includes components relating to both 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 tax rates (and tax laws) 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 is measured at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences.

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

Current and deferred tax is recognised against the surplus or deficit for the period, except to the extent that it relates to a business combination, or to transactions recognised in other comprehensive revenue and expense or directly in equity.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and call deposits.

Trade debtors and other receivables

Trade debtors and other receivables are recognised at their face value less any provision for doubtful debts. Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Property, Plant & Equipment

Property plant and equipment consists of:

Operational assets

These assets include building fit-out and various plant and equipment.

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.

Disposal

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

When revalued assets are sold, the amount included in revaluation reserve in respect to those assets is transferred to retained earnings.

Depreciation

Depreciation is provided on a diminishing value basis on all property, plant and equipment at rates that will write-off the cost of the assets over their useful lives.

The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Capital work in progress

Work in progress is recognised at cost less impairment and is not depreciated.

Operational assets

Building Fit-Out 8 - 20% DV

Plant and equipment 8 - 75% DV

Intangible assets

Software acquisition and development

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

Costs that are directly attributable to the development of software for internal use are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised in the surplus or deficit when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred. Costs associated with development and maintenance of the website are recognised as an expense when incurred.

Goodwill

Goodwill on acquisition of businesses is included in intangible assets at cost.

Amortisation

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 that the asset is derecognised. Intangible assets that have an indefinite useful life are not subject to amortisation.

The amortisation charge for each financial year is recognised in the surplus or deficit.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:
Computer software 40% SL

Trade creditors and other payables

Trade creditors and other payables are stated at their face value. Creditors and accrued expenses are measured at the amount owed.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, the sacrifice of economic benefits is probable and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at balance date, taking into account the risks and uncertainties surrounding the obligation.

Employee entitlements

Liabilities for accumulating short-term entitlements are measured at nominal value based on unused entitlement accumulated at current rate of pay at balance date.

Leases

The Company leases buildings in the normal course of its business. The majority of these leases have terms between 12 and 60 months which are cancellable on certain conditions.

Leases can be renewed at the Company's option, with rents set by reference to current market rates for items of equivalent age and conditions. There are no restrictions placed on the company by any of the leasing arrangements.

Goods and Services Tax

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense. The net amount of GST recoverable from, or payable to, the Inland Revenue Department is included as part of receivables or payables in the statement of financial position. The net GST paid to, or received from the Inland Revenue Department, including GST relating to the investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

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 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.

Any estimates and assumptions that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities will be specified in the note disclosures.

Other changes in accounting policies

There have been no changes in accounting policies.

	2025	2024
2. Council and government funding		
Rotorua Lakes Council Funding	8,082,663	4,270,000
MBIE - Funding	507,325	80,000
Total Council and government funding	8,589,988	4,350,000

	2025	2024
3. Other income		
Commission received	790,244	755,410
Events & Roadshows	443,811	214,156
Promotion Income	72,875	80,522
Sundry Income	497,986	292,761
Trading Revenue	5,764,324	2,429,423
Total Other income	7,569,240	3,772,273

	2025	2024
4. Interest received		
Interest Received	56,973	40,985
Total Interest received	56,973	40,985

	2025	2024
5. Advertising, marketing and communications		
Advertising, Marketing and Communications	3,634,165	1,083,391
Total Advertising, marketing and communications	3,634,165	1,083,391

	2025	2024
6. Personnel Costs		
Salaries & Wages	5,895,272	3,486,094
Defined contribution plan employer contributions	174,049	111,335
Total Personnel Costs	6,069,321	3,597,429

	2025	2024
Employees remuneration exceeding \$100,000:		
\$100,000 - \$109,999	1	2
\$110,000 - \$119,999	1	2
\$120,000 - \$129,999	2	3
\$130,000 - \$139,999	1	-
\$140,000 - \$149,999	1	3
\$150,000 - \$159,999	3	2
\$170,000 - \$179,999	1	-
\$230,000 - \$249,999	1	-
\$250,000 - \$299,999	1	1
Total Employees	12	13

Wages, salaries and annual leave are recorded as an expense as staff provide services and become entitled to wages, salaries and leave entitlements.

Performance payments are recorded when the employee is notified that the payment has been granted.

Superannuation contributions are recorded as an expense as staff provide services.

Severance payments

For the year ended 30 June 2025, the Company made severance payments totalling \$272,530 (2024:\$Nil).

	2025	2024
7. Other Expenses		
Accident Compensation Levies	14,372	6,021
Contractors and Consultants	573,869	430,819
Cost of Goods Sold	3,003,337	1,172,199
Directors Fees	112,500	116,250
Fees to Silks Audit for financial statements audit	36,899	34,827
Fees to Silks Audit for audit disbursements	-	450
Lease	215,154	262,770
Other Expenses	1,446,486	1,015,561
Travel and Accommodation	151,696	148,909
Utilities	228,468	69,175
Total Other Expenses	5,782,782	3,256,981
	2025	2024

8. Income Tax

Components of tax expense

Current tax	-	-
Deferred tax expense	-	-
Tax Expense	-	-

Relationship between income tax expense and accounting surplus

Surplus/(Deficit) for the year	600,109	156,979
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	2025	2024
Add Timing Differences	163,228	9,859
Add Permanent Differences	12,525	34,853
Total Taxable Income	775,863	201,659
Tax at 28%	217,242	56,473
Plus/(Less) tax effects of:		
Tax losses utilised	(42,037)	(56,473)
Group tax loss offsets	(175,205)	-
Total tax expense	-	-

A deferred tax asset has not been recognised in relation to temporary differences of \$44,218 (2024:\$8,735).

	2025	2024
9. Cash & cash equivalents		
BNZ business bank account	756,164	70,719
BNZ Performing Arts Levy Account	11,503	-
BNZ Tourism bank account	444,223	415,383
Cash on hand	13,800	12,200
Total cash and cash equivalents	1,225,689	498,302

The Company has a Visa Card with a credit facility up to \$100,000.

	2025	2024
10. Receivables		
Receivables from Exchange Transactions		
Trade Receivables		
Trade Receivables (gross)	2,051,125	258,141
Provision for Doubtful Debts	(46,324)	-
Total Trade Receivables	2,004,801	258,141
Total Receivables from Exchange Transactions	2,004,801	258,141
Receivables from Non-Exchange Transactions		
GST Receivable	-	-
Total Receivables from Non-Exchange Transactions	-	-
Total Receivables	2,004,801	258,141

	2025	2024
11. Other current assets		
Inventory	457,333	367,836
Prepayments	103,319	130,519
Resident Withholding Tax	15,951	19,495
E & V - Cash Clearing Account	1,503	-
Shareholder Current Account - RLC	100	100
Total Other current assets	578,205	517,949

There is no write down of inventory during the year. (2024: Nil). No inventory has been pledged as security. (2024:Nil)

There is a PPSR in place between RotoruaNZ Limited and Coca-Cola Amatil (NZ) Limited, financing statement registration number F36JB2136XB730M3/1 and F36JB2136XB730M3/2, and will expire 20 December 2027 11:45:17. The Collateral details are listed as Goods - Other.

12. Property, Plant and Equipment

	Equipment	Building Fit-out	Total
Opening cost 1 July 2023	276,203	256,750	532,953
Additions	88,616	-	88,616
Disposals (net of accumulated depreciation)	-	-	-
Closing cost	364,819	256,750	621,569
Accumulated depreciation opening	205,752	38,841	244,593
Depreciation expense	39,914	24,509	64,423
Accumulated depreciation closing	245,666	63,350	309,016
Opening carrying amount	70,451	217,909	288,360
Carrying amount at 30 June 2024	119,153	193,400	312,553

	Equipment	Building Fit-out	Total
Opening cost 1 July 2024	364,819	256,750	621,569
Additions	168,428	-	168,428
Disposals (net of accumulated depreciation)	2,939	-	2,939
Closing cost	530,309	256,750	787,058
Accumulated depreciation opening	245,666	63,350	309,016
Depreciation expense	66,583	21,431	88,014
Accumulated depreciation closing	312,251	84,781	397,032
Opening carrying amount	119,153	193,400	312,533
Carrying amount at 30 June 2025	218,058	171,969	390,027

No property, plant or equipment has restricted title or has been pledged as security.

13. Capital Work in Progress

Capital work in progress represents capital expenditure contracted for at balance date but not yet incurred. There was capital expenditure commitment of \$8,317 as at balance date (2024: \$19,336) for capital work in progress.

14. Intangible Assets

	Computer Software	Website Development	Goodwill	Total
Opening cost 1 July 2023	10,836	137,735	-	148,571
Additions	78,637	104,200	60,000	242,837
Disposals (net of accumulated amortisation)	-	-	-	-
Closing cost	89,473	241,935	60,000	391,408
Accumulated amortisation opening	10,836	137,735	-	148,571
Amortisation expense	-	4,055	-	4,055
Accumulated amortisation closing	10,836	141,790	-	152,626
Opening carrying amount	-	-	-	-
Carrying amount at 30 June 2024	78,637	100,145	60,000	238,782

	Computer Software	Website Development	Goodwill	Total
Opening cost 1 July 2024	89,473	241,935	60,000	391,408
Additions	61,502	48,506	-	110,008
Disposals (net of accumulated amortisation)	-	-	-	-
Closing cost	150,976	290,441	60,000	501,417
Accumulated amortisation opening	10,836	141,790	-	152,626
Amortisation expense	7,556	34,253	-	41,809
Accumulated depreciation closing	18,392	176,044	-	194,435
Opening carrying amount	78,637	100,145	60,000	238,782
Carrying amount at 30 June 2025	132,584	114,397	60,000	306,982

2025

2024

15. Payables and Accrued Expenses

Payables from Exchange Transactions

Creditors	1,915,198	980,940
E & V Deposits	370,127	-
Revenue in Advance	499,323	112,173
Total Payables from Exchange Transactions	2,784,648	1,093,112

Payables from Non-Exchange Transactions

PAYE Payable	70,786	39,937
GST Payable	40,167	27,085
Total Payables from Non-Exchange Transactions	110,953	67,022

Total Payables and Accrued Expenses	2,895,601	1,160,134
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	2025	2024
16. Employee Entitlements		
Annual Leave	427,424	251,184
Wages Accrual	197,339	29,178
Holidays Act Recalculation Liability	1,653	1,653
Total Employee Entitlements	626,415	282,015
	2025	2024

17. Equity**Share Capital**

Balance 1 July	232,493	232,493
Total Share Capital	232,493	232,493

Retained Earnings

Balance 1 July	151,086	(5,893)
Surplus/(deficit)	600,109	156,979
Total Retained Earnings	751,195	151,086

Total Equity	983,688	383,579
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Equity represents the shareholder's investment in the Company and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified as share capital and retained earnings.

Fully paid ordinary shares carry one vote per share and carry the right to dividends. As there is no ready market for these shares, they are recognised at cost. The Company has 100 ordinary shares on issue, fully paid at \$1 per share.

The Company is not forecasting to generate any dividend for the shareholder over the next two years. Should a situation arise where distributions to the shareholder could be considered the Board will take into account:

- The company's working capital requirements
- The retention of an appropriate level of earnings for reinvestment in the business

The Board has determined that no dividend will be paid at this time, as the Company's operations have expanded and increased cash reserves are required to meet the demands of events and venue management.

18. Related Party Transactions

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect the Company would have adopted in dealing with the party at arm's length in the same circumstances.

Further, transactions with other government agencies (for example, government departments and Crown entities) are not disclosed as related party transactions when they are consistent with the normal operating arrangements between government agencies and undertaken on the normal terms and conditions of such transactions

	2025	2024
19. Transactions with Parent		
The Company entered into transaction with:	-	-
Received a grant from Rotorua Lakes Council (excl. GST)	7,975,845	4,270,000
Rent paid to Rotorua Lakes Council (excl. GST)	135,520	232,320
Total Transactions with Parent	8,111,365	4,502,320

	2025	2024
Balance Receivable/Payable - Rotorua Lakes Council		
Balance receivable from Rotorua Lakes Council	117,873	4,648
Balance payable to Rotorua Lakes Council	676,009	58,560
	2025	2024

20. Key Management Remuneration

Senior Management Team including Chief Executive

Full Time Equivalent Members	6	4
Remuneration	846,978	699,265

Directors

Full Time Equivalent Members	6	7
Remuneration	112,500	116,250
Total Full Time Equivalent Personnel	12	11
Total Key Management Personnel Remuneration	959,478	815,515

	2025	2024
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21. Directors Remuneration

Tim Cossar	30,000	30,000
Christopher Auld (Retired 31 December 2024)	7,500	15,000
David Tapsell	15,000	15,000
Keri-Anne Tane	15,000	15,000
Marisa Bidois	15,000	13,750
Paul Button	15,000	13,750
Sarah Meikle	15,000	13,750
Total Directors Remuneration	112,500	116,250

In addition to remuneration an amount of \$6,383 (2024 \$6,082) relating to insurance was paid for Director liability. No other benefits have been provided by the Company to a Director or in any other capacity. No loans have been made by the Company to a Director nor has the Company guaranteed any debts incurred by a Director.

22. Interest Register

The Company is required to maintain an interest register in which the particulars of certain transactions and matters involving the Directors must be recorded. The interest register is available for inspection at the registered office.

INFORMATION USED BY DIRECTORS

During the financial year, there were no notices received from directors of RotoruaNZ Limited as, or any subsidiary, requesting to use information received in their capacity as a director which would not otherwise have been available to them.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

Other than the insurance disclaimed in note 21 the Company has not arranged policies of the Directors' and Officers' Liability Insurance and separate Director's and Officers' defence costs insurance.

	2025	2024
23. Reconciliation of Net Surplus/(Deficit) to Net Cash Flow from Operating Expenses		
Net surplus/(deficit)	600,109	156,979
Add/(less) non-cash items		
Depreciation and amortisation	129,823	68,478
Total non-cash items	129,823	68,478
Add/(less) items classified as investing activities		
(Gain)/loss on sale of property, plant, and equipment	-	-
Total items classified as investing activities	-	-
Add/(less) movements in statement of financial position items		
(Increase)/decrease in receivables	(1,746,660)	54,117
(Increase)/decrease in other current assets	(60,256)	(234,293)
Increase/(decrease) in payables and accrued expenses	2,089,657	150,279
Total net movement in working capital items	282,741	(29,897)
Net cash flow from operating activities	1,012,673	195,560
	2025	2024

24. Financial Instruments**Financial assets at amortised cost**

Cash and cash equivalents	1,225,689	498,302
Receivables (excluding tax receivable)	2,004,801	258,141
Total Financial assets at amortised cost	3,230,491	756,443

Financial liabilities at amortised cost

Payables (excluding taxes payable)	2,981,989	1,122,293
Total Financial liabilities at amortised cost	2,981,989	1,122,293

RotoruaNZ Ltd complies with Rotorua Lakes Council policies to manage the risk associated with financial instruments and is risk averse and seeks to minimise exposure from its financial instruments. The Council has established liability management and investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

25. Reporting against Statement of Intent

	Actual 2025	SOI 2025	Variance 2025
Revenue			
Council Funding (Economic Development)	5,048,500	5,048,000	500
Council Funding (General Rates - Events and Venue)	2,131,672	3,037,281	(905,609)
Council Funding (Revenue subsidy)	902,491	1,353,736	(451,245)
Government Funding	507,325	-	507,325
Visitor Services Trading Revenue	4,127,008	2,188,000	1,939,008
Venue Management Trading Revenue	3,442,232	2,884,248	557,984
Interest Received	56,973	40,000	16,973
Total Revenue	16,216,201	14,551,265	1,664,936
Expenses			
Advertising, Marketing and Communications	3,634,165	1,375,000	2,259,165
Depreciation and Amortisation	129,823	124,396	5,427
Personnel Costs	6,069,321	6,829,421	(760,100)
Other Expenses	5,782,782	6,206,968	(424,186)
Total Expenses	15,616,092	14,535,785	1,080,306
Net Surplus/(Deficit)	600,109	15,480	584,629

Commentary:

Revenue

The SOI assumed Events and Venues would transfer to RotoruaNZ from the start of the financial year, but the transfer did not occur until November. As a result, Council funding for General Rates – Events and Venues and Revenue Subsidy was only received for 8 out of 12 months, creating variances against the SOI. Visitor Services and Venue Management trading revenues were also reported on a gross basis rather than net, which makes the actual results appear higher than the SOI figures.

Expenditure

Advertising and marketing costs were higher than budgeted due to additional work that arose after the SOI was prepared. Personnel costs were lower than SOI because the transfer of Events and Venues occurred later than planned, meaning only 8 months of costs were incurred against a 12-month SOI assumption.

26. Auditors

The Auditor General is appointed under Section 15 of the Public Audit Act 2001. Silks Audit has been appointed to provide these services on his behalf. Provision for audit fee including disbursements for the year was \$36,899 excl. GST (2024 \$34,860 excl. GST).

27. Donations

No donations were made by the company during the year (2024:Nil).

28. Contingent Liabilities

The company has no contingent liabilities at balance date (2024:Nil).

	2025	2024
29. Operating Leases		
Commitment Type		
Not later than one year	260,212	259,104
Later than one year and not later than five years	945,550	2,303,851
Later than five years	290,400	522,720
Total Operating Leases	1,496,162	3,085,675

Operating leases relate to leasing of 1167 Fenton Street, Rotorua and Unit 1 Red Stag Mountain Biking Complex Rotorua.

30. Events after Balance Date

There have been no significant events after the balance date.

31. Capital Management

The Company's capital is its equity, which comprise shareholders' funds. Equity is represented by net assets.

The objective of managing the Company's equity is to ensure that the Company effectively achieves its goals and objectives for which it has been established while remaining a going concern.

The Company is reliant for a large part of its revenue from its 100% parent Rotorua Lakes Council.

The Council has accepted the Company's Statement of Intent, which includes funding up to 30 June 2026.

The funding agreement indicates that support will be provided until 30 June 2026. The support provided to RotoruaNZ Limited shall include: \$9.37 mil excl. GST to support the necessary budgeted operating activities in a timely manner (and all obligations and liabilities incidental to such activities)

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF ROTORUANZ LIMITED'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2025

The Auditor-General is the auditor of RotoruaNZ Limited (the company). The Auditor-General has appointed me, Cameron Town, using the staff and resources of Silks Audit Chartered Accountants, to carry out the audit of the financial statements and the performance information of the Company, on his behalf.

Opinion

We have audited:

- the financial statements of the Company on pages 16 to 33, that comprise the statement of financial position as at 30 June 2025, the statement of comprehensive Revenue, statement of changes in equity and Statement of Cash Flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the company on pages 10 to 15.

In our opinion:

- the financial statements of the Company:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2025; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Tier 2 Public Benefit Entity Reporting Standards Reduced Disclosure Regime; and
- the performance information of the Company presents fairly, in all material respects, the Company's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Company's objectives for the year ended 30 June 2025.

Our audit was completed on 16 October 2025. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the performance information, and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the financial statements and the performance information

The Board of Directors is responsible on behalf of the Company for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparing the performance information for the Company.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board of Directors is responsible on behalf of the Company for assessing the Company's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Local Government Act 2002.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the company's statement of intent.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.¹⁵

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit 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.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We evaluate the appropriateness of the reported performance information within the Company's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the financial statements and the performance information of the entities or business activities within the Company to express an opinion on the consolidated financial statements and the consolidated performance information. We are responsible solely for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify in our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 2 to 9 but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report the fact. We have nothing to report in this regard.

Independence

We are independent of the Company in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) (PES 1) issued by New Zealand Auditing and Assurance Standards Board.

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



Cameron Town
Silks Audit Chartered Accountants Limited
On behalf of the Auditor-General
Whanganui, New Zealand