Auckland Tourism, Events and Economic Development
An Auckland Council Organisation

Auckland Tourism, Events and Economic Development Ltd
Extra Ordinary Board meeting

OPEN AGENDA

Will be held as follows:

DATE:	**Tuesday, 13 August 2013**
TIME:	**3.00pm Start**
VENUE:	**The Gulf Boardroom, Level 8, ATEED Central Office, 139 Quay Street, Auckland**

Board members:

Chair	David McConnell
Deputy Chair	Norm Thompson
Director	Vivien Bridgwater
Director	Franceska Banga
Director	Richard Jeffery
Director	Danny Chan

Attendees

CEO	Brett O'Riley
Board Secretary	Joshua Ong
Others TBC	

OPEN AGENDA

1. APOLOGIES

An apology has been received from David McConnell for non-attendance.

2. ATEED ANNUAL REPORT – PERIOD ENDED 30 JUNE 2013

Brett O'Riley, Chief Executive

OPEN

ATEED Annual Report – Period Ended 30 June 2013

Report to Auckland Tourism, Events and Economic Development Chairman and Board

Proposal

The purpose of this report is to present the audited ATEED Annual Report for the period ended 30 June 2013 to Directors and ask for its adoption.

Strategic Alignment

As a council controlled organisation, ATEED is required to provide the Auckland Council with a draft copy of our Annual Report by 15 August 2013 and to publish an Annual Report within three months of the end of the financial year. The Annual Report must include financial statements and associated disclosures, as well as a performance statement outlining results achieved against the Key Performance Indicators (KPIs) in our Statement of Intent (SOI).

Comment

The financial statements for the year ending 30 June 2013 have been completed and reviewed by the Audit Committee and Audit New Zealand (Attachment A). However they are still in draft status and there maybe still be some minor changes before the Extraordinary Board Meeting on 13 August 2013. Any changes made, will be explained to the Directors at the Extraordinary Board Meeting.

Audit New Zealand as ATEED's auditors have completed their audit work on the financial statements, associated disclosures and notes, and the Statement of Service Performance (results against our SOI KPIs) (Attachment B). Their draft audit opinion is attached (Attachment C). The financial statements, the statement of service performance and the auditors' opinion make up the Annual Report.

John Scott, Audit Director for Audit New Zealand, will attend the Extraordinary Board Meeting on 13 August 2013 and will address the Board.

As is normal practice, Audit New Zealand requires the Chairman of the Board and one other director, to sign a Letter of Representation to the auditors (Attachment D). A copy of this letter is provided for the Board's review.

In support of this letter to Audit New Zealand, Directors should note the "mirror-image" letter of representation (Attachment E) from the Chief Executive and Chief Financial Officer to the Board.

Directors should also note the letter from Auckland Council (Attachment F) that confirms the future funding of ATEED and thus the treatment of the entity for financial reporting purposes as a going concern.

The ATEED Audit Committee met on Thursday 8 August 2013, with senior management and the auditors present. The Audit Committee had the opportunity to discuss the audit and the Annual Report with the auditors. The Audit Committee will report results of this meeting to the Board as necessary, at the extraordinary meeting.

Please note that Audit NZ notified Management on 9 August 2013 of a misclassification between current and non-current assets for the V8 Supercars capital prepayment. Currently the entire prepayment is classified as a current asset, whereas $1.3M should be reclassified from current to non-current assets. SAP closed for all correcting entries on 1 August 2013. Management are currently investigating whether SAP can be re-opened to post this entry and we will update the Directors at the Extraordinary Board Meeting.

Once the Board has adopted the financial statements and statement of service performance, a published version of the Annual Report will be produced. This published version will be available in print and on the ATEED and Auckland Council website by 30 September 2013. The published version will have improved look and feel, using the same content as the Annual Report document approved by the Board. Audit New Zealand will approve both print and online versions of the Annual Report prior to publication.

Options

1. The Board can adopt the Annual Report for the period ended 30 June 2013 at the Extraordinary Board Meeting on 13 August 2013. This will require the Chairman of the Board and one other director, to sign the final Annual Report document, and sign the Letter of Representation to Audit New Zealand.
2. The Board can ask for further work to completed on the Annual Report and authorise the Chief Executive to complete that work and re-present the Annual Report with the required changes to the Chair and one other director for signature, no later than 15 August 2013.

Decision Making

The Board is authorised to adopt the Annual Report.

Financial Implications

The audit fee for the period ended 30 June 2013 has been accrued within the statement of comprehensive income and is highlighted in note 7 to the financial statements.

Recommendations

1. That the Board:
   a. Adopt the Annual Report for the period ended 30 June 2013
   b. Authorises management to make minor editorial changes to the Annual Report document to cater for final non-substantial adjustments and refinements
   c. Authorises the Chairman and Deputy Chair to sign the finalised Annual Report document and the Letter of Representation to Audit New Zealand
2. That the Board authorises management to produce a published version of the signed and finalised Annual Report noting that look and feel only may change and that Audit New Zealand will approve the versions published in print and to the Auckland Council website
3. The Board requests that management publishes the Annual Report on or before 30 September 2013 on the Auckland Council internet.

Attachments

A. Draft ATEED Financial Statements for the year ended 30 June 2013
B. Draft ATEED Statement of Service Performance for year ended 30 June 2013
C. Draft Report from Audit New Zealand
D. Draft Letter of Representation from ATEED Board to Audit New Zealand
E. Draft Letter of Representation from ATEED CE and CFO to the Board
F. Letter from Auckland Council confirming future funding

Signatories

General Manager: Sarah Hamilton, Chief Financial Officer

Chief Executive: Brett O’Riley

ATTACHMENT A: DRAFT ATEED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Auckland Tourism, Events and Economic Development Limited
Financial Statements
for the year ended 30 June 2013

Contents

Directors' report

The Board of Directors have pleasure in presenting the annual report of Auckland Tourism, Events and Economic Development Limited, incorporating the financial statements, statement of service performance and the auditors' report, for the year ended 30 June 2013.

The Board of Directors of Auckland Tourism, Events and Economic Development Limited authorised these financial statements presented on pages 7 to 50 for issue on 13 August 2013.

For and on behalf of the Board.

David McConnell Chairman 13 August 2013	Norm Thompson Deputy Chair 13 August 2013

Audit Report

To the ratepayers of Auckland Tourism, Events and Economic Development Limited

Audit Report

To the ratepayers of Auckland Tourism, Events and Economic Development Limited (continued)

Audit Report

To the ratepayers of Auckland Tourism, Events and Economic Development Limited (continued)

Statements of comprehensive income

For the year ended 30 June 2013

	Note	Parent		Group	
		2013 $'000	2012 $'000	**2013 $'000**	2012 $'000
Income					
Service and other revenue	4	**46,645**	63,817	**49,097**	68,731
Finance income (interest)		**13**	14	**14**	20
Other gains / (losses)	5	**-**	-	**3**	-
Total income		**46,658**	63,831	**49,114**	68,751
Expenditure					
Personnel costs	6	**(16,148)**	(16,671)	**(16,772)**	(17,046)
Depreciation and amortisation	14,15	**(470)**	(378)	**(1,024)**	(629)
Finance expenses (bank charges)		**(55)**	(119)	**(55)**	(120)
Other expenses	7	**(30,455)**	(47,041)	**(36,195)**	(48,492)
Total expenditure		**(47,128)**	(64,209)	**(54,046)**	(66,287)
Surplus/(deficit) before tax		**(470)**	(378)	**(4,932)**	2,464
Income tax benefit / (expense)	8	**-**	-	**1,384**	(637)
Profit from continuing operations		**(470)**	(378)	**(3,548)**	1,827
Surplus/(deficit) after tax		**(470)**	(378)	**(3,548)**	1,827
Other comprehensive income					
Cash flow hedge	24	**152**	(157)	**154**	(157)
Total comprehensive income for the year		**(318)**	(535)	**(3,394)**	1,670
Profit is attributable to:					
Equity holders of Auckland Tourism, Events and Economic Development Limited		**(470)**	(378)	**(3,548)**	1,827
Total comprehensive income for the year is attributable to:					
Equity holders of Auckland Tourism, Events and Economic Development Limited		**(318)**	(535)	**(3,394)**	1,670

Summary of significant accounting policies and the accompanying notes form part of these financial statements.

Statements of changes in equity

For the year ended 30 June 2013

		Attributable to equity holders of the Company			
Parent	Note	**Contributed equity $'000**	**Hedging reserve $'000**	**Accumulated funds $'000**	**Total equity $'000**
Balance as at 1 July 2011		4,376	-	(146)	4,230
Comprehensive income					
Loss for the year		-	-	(378)	(378)
Other comprehensive income					
Cash flow hedge	24	-	(157)	-	(157)
Total comprehensive income		-	(157)	(378)	(535)
Transactions with owners		-	-	-	-
Balance as at 30 June 2012		4,376	(157)	(524)	3,695
Balance as at 1 July 2012		4,376	(157)	(524)	3,695
Comprehensive income					
Profit or loss for the year		-	-	(470)	(470)
Other comprehensive income					
Cash flow hedge	24	-	152	-	152
Total comprehensive income		-	152	(470)	(318)
Transactions with owners		-	-	-	-
Balance as at 30 June 2013		4,376	(5)	(994)	3,377

Summary of significant accounting policies and the accompanying notes form part of these financial statements.

Statements of changes in equity (continued)

Group	Notes	**Attributable to equity holders of the Company** **Contributed equity $'000**	**Hedging reserve $'000**	**Accumulated funds $'000**	**Total equity $'000**
Balance as at 1 July 2011		4,332	-	3,220	7,552
Comprehensive income					
Surplus for the year		-	-	1,827	1,827
Other comprehensive income					
Cash flow hedge	24	-	(157)	-	(157)
Total comprehensive income		-	(157)	1,827	1,670
Transactions with owners		-	-	-	-
Balance as at 30 June 2012		4,332	(157)	5,047	9,222
Balance as at 1 July 2012		4,332	(157)	5,047	9,222
Comprehensive income					
Profit or loss for the year		-	-	(3,548)	(3,548)
Other comprehensive income					
Cash flow hedge	24	-	154	-	154
Total comprehensive income		-	154	(3,548)	(3,394)
Transactions with owners		-	-	-	-
Balance as at 30 June 2013		4,332	(3)	1,499	5,828

Summary of significant accounting policies and the accompanying notes form part of these financial statements.

Statements of financial position

As at 30 June 2013

	Note	Parent		Group	
		2013	2012	**2013**	2012
		$'000	$'000	**$'000**	$'000
ASSETS					
Current assets					
Cash and cash equivalents	11	**2,034**	896	**2,034**	1,378
Debtors and other receivables	12	**4,798**	7,740	**4,798**	7,370
Other financial assets	16	**49**	-	**49**	-
Inventories	13	**88**	132	**88**	132
Tax receivables		**-**	-	**-**	2
		6,969	8,768	**6,969**	8,882
Assets of disposal group held for sale	21	**-**	-	**2,918**	-
Total current assets		**6,969**	8,768	**9,887**	8,882
Non-current assets					
Property, plant and equipment	14	**2,219**	2,337	**2,219**	10,280
Intangible assets	15	**6**	13	**6**	13
Other financial assets	16	**40**	40	**40**	40
Investments in subsidiaries	22	**10**	10	**-**	-
Derivative financial instruments	19	**3**	-	**3**	-
Deferred tax assets	10	**-**	-	**552**	-
Total non-current assets		**2,278**	2,400	**2,820**	10,333
Total assets		**9,247**	11,168	**12,707**	19,215
LIABILITIES					
Current liabilities					
Creditors and other payables	17	**4,093**	5,388	**4,093**	6,327
Employee entitlements	18	**1,092**	1,260	**1,092**	1,300
Derivative financial instruments	19	**3**	51	**3**	51
Provisions	20	**99**	-	**99**	-
		5,287	6,699	**5,287**	7,678
Liabilities of disposal group held for sale	21	**-**	-	**1,009**	-
Total current liabilities		**5,287**	6,699	**6,296**	7,678
Non-current liabilities					
Deferred tax liabilities	10	**-**	-	**-**	1,541
Derivative financial instruments	19	**6**	106	**6**	106
Creditors and other payables	17	**576**	667	**576**	667
Employee entitlements	18	**1**	1	**1**	1
Total non-current liabilities		**583**	774	**583**	2,315
Total liabilities		**5,870**	7,473	**6,879**	9,993
Net assets		**3,377**	3,695	**5,828**	9,222
EQUITY					
Contributed equity	23	**4,376**	4,376	**4,332**	4,332
Reserves	24	**(5)**	(157)	**(3)**	(157)
Accumulated funds	24	**(994)**	(524)	**1,499**	5,047
Total equity		**3,377**	3,695	**5,828**	9,222

Summary of significant accounting policies and the accompanying notes form part of these financial statements.

Statement of cash flows

For the year ended 30 June 2013

	Note	Parent **2013** **$'000**	Parent 2012 $'000	Group **2013** **$'000**	Group 2012 $'000
Cash flows from operating activities					
Interest received		**13**	14	**15**	20
Receipts from other revenue		**49,398**	65,058	**51,421**	70,780
Payments to suppliers and employees		**(47,823)**	(65,079)	**(49,083)**	(68,686)
Income tax paid		**-**	(2)	**-**	(4)
Goods and services tax net refunded		**(16)**	1,603	**(182)**	1,472
Other cash flows from operating activities		**2**	-	**2**	(33)
Net cash from operating activities	25	**1,574**	1,594	**2,173**	3,549
Cash flows from investing activities					
Disposals / (purchases) of property, plant and equipment	14	**(387)**	(1,892)	**(1,103)**	(5,408)
Other cash flows from investing activities		**-**	558	**-**	558
Net cash from investing activities		**(387)**	(1,334)	**(1,103)**	(4,850)
Cash flows from financing activities					
Retained earnings outflows		**-**	-	**-**	44
Other cash flows from financing activities		**(49)**	(9)	**(49)**	(53)
Net cash from financing activities		**(49)**	(9)	**(49)**	(9)
Net increase / (decrease) in cash and cash equivalents		**1,138**	251	**1,021**	(1,310)
Cash and cash equivalents at the beginning of the period		**896**	645	**1,378**	2,688
Cash and cash equivalents transfered to disposal group		**-**	-	**(365)**	-
Cash and cash equivalents at end of the year	11	**2,034**	896	**2,034**	1,378

The GST component of cash flows from operating activities reflects the net GST paid to and received from the Inland Revenue. The GST component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes and to be consistent with the presentation basis of the other primary financial statements.

The disposal group cash at bank and in hand ($365,000) is excluded from the total cash and cash equivalents balance at the end of the year.

1 General information

Auckland Tourism, Events and Economic Development Limited (ATEED, Parent or the Company) promotes local and regional economic development in New Zealand's most significant economic centre. As the region's economic growth agency, ATEED provides a co-ordinated approach to growing Auckland's business, export and visitor economy through:

- business growth and development through key sectors,
- business and investment attraction and facilitation,
- supporting the development of an appropriately skilled Auckland workforce,
- tourism destination development, promotion, marketing and visitor services,
- attraction and/or delivery of major events and convention activity, and
- articulating and promoting Auckland's unique identity to attract business, residents and visitors.

ATEED was established and commenced operations on 1 November 2010. It is controlled by the Auckland Council and is a council controlled organisation (CCO) as defined under section 6 of the Local Government Act 2002, by virtue of equity securities carrying 50% or more of the voting rights at a meeting of the shareholders of the Company being held by the Auckland Council.

ATEED's vision is to improve New Zealand's economic prosperity by leading the successful transformation of Auckland's economy rather than make a financial return. Accordingly, the Company has designated itself as a public benefit entity for the purposes of New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS).

ATEED is 100% shareholder of New Zealand Food Innovation Auckland Limited (NZFIA), a company that promotes innovative product development by Auckland based food industry companies. The financial results and position of this company have been consolidated into the ATEED Group accounts. On 28 June 2013, a memorandum of understanding was signed between ATEED and Callaghan Innovation Limited agreeing that ATEED will transfer two thirds of the shares in NZFIA to Callaghan Innovation Limited for a nominal amount at a mutually agreed date in the future. The nominal amount is reflective of the Government's initial contribution (note 30).

ATEED was also 100% shareholder of two non-operating companies, Bizangels Limited and The Business Shop Limited. Both companies were removed from the Companies Register in February 2013. There are no balances incorporated into the Group accounts for these companies.

2 Summary of significant accounting policies

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

2.1 Basis of preparation

Statement of compliance

The financial statements of the Company and its subsidiaries (together the Group) for the year ended 30 June 2013 have been prepared in accordance with New Zealand generally accepted accounting practice (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable New Zealand Financial Reporting Standards as appropriate for public benefit entities.

ATEED is a registered company under the Companies Act 1993 and is domiciled in New Zealand.

The financial statements have been prepared in accordance with the Financial Reporting Act 1993, Companies Act 1993, Local Government (Tamaki Makaurau Reorganisation) Act 2009 and Local Government Act 2002.

Measurement base

These financial statements have been prepared under the historical cost convention.

Functional and presentation currency

The consolidated 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 and Group is New Zealand dollars.

2 Summary of significant accounting policies (continued)

Changes in accounting policies

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 is classified as a Tier 1 reporting entity and it will be required to apply full Public Benefit Entity Accounting Standards (PBE standards). These standards were issued in May 2013 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. The Company has yet 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 Standard Framework is effective. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

2.2 Consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 June 2013 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the Company and Group have the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company and Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Company and Group.

The Company financial statements show the investment in subsidiaries at cost less impairment.

Inter-entity transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been aligned where necessary to ensure consistency with the policies adopted by the Company and Group.

The results of subsidiaries acquired or disposed of during the year are included in the surplus or deficit from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture, generally accompanying a shareholding between 20% and 50% of the voting rights. The investment in an associate is initially recognised at cost. Subsequently, the Group's investments in associates are carried at cost.

The investments in associates in the Group financial statements are recognised using the equity method. Post acquisition the carrying amount is increased or decreased to recognise the Group's share of the surplus or deficit and other comprehensive income of the associate after the date of acquisition. The Group's share of the surplus or deficit of the associate is recognised in the Group's statement of comprehensive income. Distributions received from an associate reduce the carrying amount of the investment in the consolidated financial statements.

If the Group's share of deficits of an associate equals or exceeds its interest in the associate, the Group discontinues recognising its share of further deficits unless it has incurred obligations or made payments on behalf of the associate. After the Group's interest is reduced to zero, additional deficits are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations made on behalf of the associate. If the associate subsequently reports surpluses, the Group will resume recognising its share of those surpluses only after its share of surpluses equals or exceeds the share of deficits not recognised.

2 Summary of significant accounting policies (continued)

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated, unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group. Dilution gains and losses arising in investments in associates are recognised in the statement of comprehensive income.

2.3 Foreign currency translation

Foreign currency transactions (including those for which foreign exchange contract are held) are translated into 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 are recognised in the statements of comprehensive income.

2.4 Property, plant and equipment

Initial recognition

Property, plant and equipment are initially shown at cost or at fair value in the case where an asset is acquired at no cost or for a nominal cost, less accumulated depreciation and any impairment losses. Cost includes any costs that are directly attributable to the acquisition of the items including the costs of bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended. Note in the case of the assets acquired by the Company and Group on establishment at 1 November 2010 cost was the carrying value of the asset by the previous owning entities.

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 Group and the cost of the item can be measured reliably.

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

Disposals
Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported in the net surplus or deficit.

Assets or disposal groups held for sale
Property, plant and equipment or disposal groups are classified as assets or disposal groups held for sale if their carrying amount will be recovered principally through a sale rather than through continuing use and a sale is considered highly probable. Assets or disposal groups held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Depreciation

Depreciation on assets is provided on a straight line basis at rates that will write off the cost of the assets to their estimated residual values over their useful lives. The useful lives have been estimated as follows:

Class of asset depreciated	Estimated useful life (years)
• Plant and machinery	1-50
• Computer equipment	1-8
• Furniture, fittings and other office equipment	1-15
• Motor vehicles	1-10

The residual value and remaining useful life of an asset is reviewed, and adjusted if applicable, at each financial period end.

2 Summary of significant accounting policies (continued)

Capital work in progress

Capital work in progress is recognised at cost less impairment and is not depreciated. The total cost of a project is transferred to the relevant asset class on its completion and then depreciated.

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 (refer to note 2.6).

2.5 Intangible assets

Intangible assets are initially recorded at cost. Where acquired in a business combination, the cost is their fair value at the date of acquisition. The cost of an internally generated intangible asset represents expenditure incurred in the development phase only.

Subsequent to initial recognition, intangible assets with finite useful lives are recorded at cost, less any amortisation and impairment losses, and are reviewed annually for impairment losses. Assets with indefinite useful lives are not amortised but are tested, at least annually, for impairment, and are carried at cost less accumulated impairment losses.

Realised gains and losses arising from the disposal of intangible assets are recognised in the statement of comprehensive income in the period in which the disposal occurs.

Where an intangible asset's recoverable amount is less than its carrying amount, it will be reported at its recoverable amount and an impairment loss will be recognised. Impairment losses resulting from impairment are reported in the statements of comprehensive income.

Computer software

Computer software licences are capitalised based on the costs incurred to acquire and bring to use the software. Costs are amortised using the straight line method over their estimated useful lives (3 to 8 years).

Costs associated with maintaining computer software programmes are recognised as an expense when incurred.

Costs directly associated with the development of identifiable and unique software products are recognised as an asset.

Staff training costs are recognised as an expense when incurred.

2.6 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment and whenever there is an indication of impairment. At each balance date the Company and Group reviews the carrying amounts of its other tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company and Group estimates the recoverable amount of the cash generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash generating units; otherwise, they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable value. An impairment loss is recognised immediately in surplus or deficit.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in surplus or deficit.

2 Summary of significant accounting policies (continued)

2.7 Investments and other financial assets

Financial assets

The Company and Group classifies its financial assets as loans and receivables.

Financial assets are initially measured at fair value plus transaction costs.

Purchases and sales of financial assets are recognised at trade date, the date on which the Company and Group 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 and Group have transferred substantially all the risks and rewards of ownership.

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 are included in current assets, except for those with maturities greater than 12 months after the period end date, which are classified as non-current assets.

After initial recognition loans and receivables are carried at amortised cost using the effective interest rate method less impairment if any.

2.8 Impairment of financial assets

Assets carried at amortised cost

The Company and Group reviews at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Company and Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Company and Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
    a) Adverse changes in the payment status of borrowers in the portfolio; and
    b) National or local economic conditions that correlate with defaults on the assets in the portfolio.

The amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted using the financial asset's original effective interest rate. The asset's carrying amount is reduced and the loss is recognised in the statements of comprehensive income in "other expenses". If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Company and Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the surplus or deficit component of the statements of comprehensive income.

2 Summary of significant accounting policies (continued)

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when it is legally enforceable and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.9 Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of highly probable forecast transactions (cash flow hedges).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in note 19. Movements in the cash flow hedging reserve in shareholders' equity are shown in note 24(a). The full value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining hedged item is less than 12 months.

Cash flow hedge
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the “hedging reserve” within other comprehensive income. The gain or loss relating to the ineffective portion is recorded in the statements of comprehensive income within “other gains/(losses)”.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets hedge accounting criteria, any cumulative gain or loss in equity at that time remains in equity and is recognised when the forecast transaction is recorded in the statement of comprehensive income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss reported in the “hedging reserve” transfers to “other gains/(losses)” within the statement of comprehensive income.

When a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, or a forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, then the associated gains and losses that were recognised in other comprehensive income will be included in the initial cost or carrying amount of the asset or liability.

2.10 Inventories

Inventories held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at cost adjusted for any loss of service potential.

Inventories held for use in the production of goods and services on a commercial basis are valued at the lower of cost and net realisable value. The cost of purchased inventory is determined using the first-in first-out (FIFO) method.

The amount of any write down in the value of inventories is recognised in the statements of comprehensive income.

2 Summary of significant accounting policies (continued)

2.11 Debtors and other receivables

Debtors receivables are amounts due from trade debtors and other customers. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

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

For information on impairment of trade and other receivables refer to note 12. The amount of debtors assessed as impaired is recognised as a provision against the debtors and as a doubtful debts expense. Furthermore, when a trade receivable for which the provision for impairment has been recognised becomes uncollectible in a subsequent period, it is written off against the provision for impairment of receivables. Subsequent recoveries of amounts previously written off are credited against "other expenditure" in the statements of comprehensive income.

2.12 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 subject to an insignificant risk of changes in value, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

2.13 Creditors and other payables

Creditors and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

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

2.14 Equity

Equity is the Auckland Council's interest in the Company, being a council controlled organisation, as measured by total assets less total liabilities. Equity has been classified into various components to identify those portions of equity held for specific purposes. These components of equity are:

- Accumulated funds,
- Contributed equity

Contributed equity represents the transfer of assets on establishment of the Company.

The Company and Group objectives, policies and processes for managing capital are discussed in note 32.

2.15 Borrowings

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and amortised cost is recognised in the statements of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company and Group has an unconditional right to defer settlement of the liability for at least 12 months after the year-end date.

2.16 Borrowing costs

The Company and Group have elected to defer the adoption of NZ IAS 23 Borrowing Costs (Revised 2007) in accordance with its transitional provisions that are applicable to public benefit entities.

Consequently, all borrowing costs are recognised as an expense in the period in which they are incurred.

2 Summary of significant accounting policies (continued)

2.17 Current and deferred income tax

Income tax expense comprises both current tax and deferred tax, and is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by balance date. Income tax expense is charged or credited to the statements of comprehensive income, except when it relates to items charged or credited directly to equity or other comprehensive income.

Current tax is the amount of income tax payable based on the taxable surplus for the current period, plus any adjustments to income tax payable in respect of prior periods.

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 surplus.

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 a taxable surplus will be available against which the deductible temporary differences or tax losses can be utilised.

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

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

2.18 Goods and Services Tax (GST)

All items in the financial statements are stated exclusive of GST, except for debtors and other receivables and creditors and other payables, which are presented on a GST inclusive basis. Where GST is not recoverable as an input tax then it is recognised as part of the related expense or asset.

The net amount of GST recoverable from, or payable to, the Inland Revenue is included as part of receivables or payables in the statement of financial position.

2.19 Revenue recognition

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

- Grants received from the Auckland Council and government are the primary source of funding to the Company and Group and are restricted for the purposes of the Company and Group meeting its objectives as specified in the Company's Statement of Intent. The Company and Group also receives other government assistance for specific purposes, and these grants usually contain restrictions on their use.
  Council, government, and non-government grants are recognised as revenue when they become receivable unless there is an obligation to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.
- Revenue from rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.
- Revenue from the sale of goods or services is recognised when a product is sold or service is provided to the customer. Sales are usually in cash or by credit card. The recorded revenue is the gross amount of the sale, including credit card fees payable for the transaction. Such fees are included in other expenses.
- Interest income is recognised using the effective interest method.
- Rental income is recognised on a straight line basis over the lease term.
- Commission received on voucher sales is recognised as the net of voucher sale proceeds and costs payable by ATEED to the supplier of services specified on the voucher.

2 Summary of significant accounting policies (continued)

2.20 Employee entitlements

Short-term employee entitlements

Employee benefits that the Company and Group 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, retirement gratuities and long service entitlements expected to be settled within 12 months, and sick leave.

The Company and Group recognises a liability for sick leave to the extent that absences in the coming period are expected to be greater than the sick leave entitlements earned in the coming period. 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 and Group anticipates it will be used by staff to cover those future absences.

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

Long-term employee entitlements

Entitlements that are payable beyond 12 months, such as long service leave, have been calculated on an actuarial basis. The calculations are based on:

- Likely future entitlements accruing to staff, based on periods of service, periods to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlement information; and
- The present value of the estimated future cash flows.

The discount rate is based on the weighted average of interest rates for government stock with terms to maturity similar to those of the relevant liabilities. The inflation factor is based on the expected long term increase in remuneration for employees.

Superannuation schemes

Defined contribution schemes

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the statement of comprehensive income.

The Company has some employees who have transferred from predecessor councils and who belong to the Defined Benefit Plan contributors scheme, which is managed by the Board of Trustees of the National Provident fund. The scheme is a multi-employer defined benefit scheme.

Insufficient information is available to use defined benefit accounting, as it is not possible to determine from the terms of the scheme the extent to which the surplus / deficit is attributable to the Company. The scheme is therefore accounted for as a defined contribution scheme. If other participating employers ceased to participate in the scheme, the Company could be responsible for the entire deficit of the scheme. Similarly, if a number of employers ceased to participate in the scheme, the Company could be responsible for an increased share of the deficit.

2.21 Leases

Lessee

The Company and Group leases certain property, plant and equipment.

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 operating leases (net of any incentives received from the lessor) are charged to the statements of comprehensive income on a straight line basis over the period of the lease.

Leases of property, plant and equipment, where the Company and Group has been transferred substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. The leased assets (the leased properties) and corresponding liabilities (the lease payments) are recognised in the statement of financial position. Interest on finance leases is charged to the statement of comprehensive income over the lease period. Leased assets are depreciated over the period the Company and Group is expected to benefit from their use or the lease term if ownership at the end of the lease is uncertain.

2 Summary of significant accounting policies (continued)

2.22 Provisions

The Company and Group recognises a provision for future expenditure of uncertain amount or timing when:

- the Company and Group has a present obligation (legal or constructive) as a result of past events;
- it is probable that expenditures will be required to settle the obligation; and
- reliable estimate can be made of the amount of the obligation.

Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

The increase in the provision due to the passage of time is recognised as an interest expense and is included in “finance costs”.

2.23 Comparative Balances

Certain comparative balances have been reclassified (within "Other Expenses" Note 7 in the profit and loss componenent of the Statement of Comprehensive Income) to conform to current year classification and presentation. There is no impact on total "other expenses", surplus or net assets.

2.24 Major Events Contracts

The Company enters into contractual arrangements for hosting, delivering and/or sponsoring major events. All expenditure incurred as a result of these contracts is expensed at the time of payment. The only exception to this is if the expenditure will be refunded if the event is not held, and then the expenditure is treated as a prepayment until the event is held.

3 Critical accounting estimates and judgements

In preparing these consolidated financial statements the Company and Group have made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates, judgements and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year have been included below.

Grant Income

Judgement is exercised when recognising grant income to determine if conditions of the grant contract have been satisfied. The judgement will be based on the facts and circumstances that are evident for each grant contract.

Estimating useful lives and residual values of property, plant, and equipment

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

An incorrect estimate of the useful life or residual value will affect the depreciable amount of an asset, therefore affecting the depreciation expense recognised in the surplus or deficit and the asset’s carrying amount. The Company minimises the risk of this estimation uncertainty by:

- physical inspection of assets;
- asset replacement programmes;
- review of second hand market prices for similar assets; and
- analysis of prior asset sales.

The Company has not made significant changes to past assumptions concerning useful lives and residual values.

4 Service and other revenue

	Parent		Group	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Rental income	**489**	538	**489**	538
Other services	**2,773**	8,407	**3,016**	8,482
Visitor Information Centres sales and commissions	**2,316**	2,854	**2,316**	2,854
Auckland Council operating fund	**38,598**	46,160	**38,598**	46,160
Central government grants	**2,467**	2,533	**4,676**	7,360
Other grants	**-**	3,325	**-**	3,337
Other income	**2**	-	**2**	-
Total service and other revenue	**46,645**	63,817	**49,097**	68,731

The Auckland Council operating fund was increased in 2012 for the Rugby World Cup 2011.

5 Other gains / (losses)

	Parent		Group	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Share of profit of associates	**-**	-	**3**	-
Total other gains / (losses)	**-**	-	**3**	-

6 Personnel

	Parent		Group	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Salaries and wages	**15,251**	16,325	**15,867**	16,700
Defined contribution plan employer contributions	**266**	238	**274**	238
Redundancy expense	**769**	-	**769**	-
Other staff expenses	**1**	-	**1**	-
Increase/(decrease) in employee entitlements	**(139)**	108	**(139)**	108
Total personnel expenses	**16,148**	16,671	**16,772**	17,046

Employer contributions to defined contribution plans include contributions to Kiwisaver and Super Trust of New Zealand Fund.

7 Other expenses

	Parent		Group	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Audit fees for financial statement audit	**113**	106	**137**	129
Service delivery contracts	**1,737**	18,686	**1,737**	18,686
Impairment of receivables	**4**	(32)	**10**	(32)
Marketing expenses	**4,609**	6,719	**4,660**	6,879
Professional services	**2,861**	4,345	**3,126**	5,044
Repairs and maintenance	**41**	154	**87**	175
Utilities and occupancy	**1,512**	1,614	**2,339**	2,473
Other operating expenses	**9,278**	10,725	**9,533**	10,874
Directors' fees and expenses	**314**	364	**359**	404
Grant, contributions and sponsorship	**9,879**	4,019	**8,866**	3,519
Loss on disposal of assets	**44**	342	**44**	342
Impairment of assets	**-**	-	**5,234**	-
Net foreign exchange loss	**63**	(1)	**63**	(1)
Total other expenditure	**30,455**	47,041	**36,195**	48,492

The auditors of the financial statements were Audit New Zealand. Other than fees in relation to the review of the half year financial statements ($8,000) and auditing the annual financial statements ($105,000), the auditors were paid no other remuneration.

Service delivery contracts expenditure was much higher in 2012 due to the Rugby World Cup 2011.

Occupancy expenses are reduced by $129,000 in 2013 (2012: $111,000), for the portion of the lease inducement payment recognised in that year.

An impairment equivalent to two thirds of NZFIA's Property, Plant and Equipment was made on 30 June 2013.

8 Income tax expense / (benefit)

	Parent		Group	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Components of income tax expense				
Current tax expense	**-**	-	**-**	-
Deferred tax expense	**-**	-	**(1,384)**	637
Total income tax expense / (benefit)	**-**	-	**(1,384)**	637
Relationship between tax expense and accounting profit				
Net surplus / (deficit) before tax	**(470)**	(378)	**(4,932)**	2,464
Prima facie income tax at 28%	**(131)**	(106)	**(1,381)**	690
Prior period adjustment	**(34)**	-	**(34)**	122
Taxation effect of permanent differences	**13**	(23)	**1,091**	(1,075)
Deferred tax recognised on lease incentive received	**23**	(221)	**23**	(221)
Deferred tax recognised on CAPEX funding	**-**	-	**210**	852
Imputation credits attached to dividends received	**(1)**	-	**(1)**	-
Loss transferred to / (from) group companies	**122**	76	**122**	269
De-recognition of deferred tax on NZFIA's impaired assets	**-**	-	**(1,414)**	-
Effect of deferred tax not recognised	**8**	274	**-**	-
Total income tax expense / (benefit)	**-**	-	**(1,384)**	637

The Parent's tax calculation shows a tax loss of $435,000 (30 June 2012: $271,000 tax loss) being offset with tax profits of Auckland Council Group companies with no subvention payments.

9 Imputation credit account

	Parent		Group	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Imputation credits available for subsequent reporting periods based on a rate of 28%	**1**	2	**2**	4

10 Deferred tax assets / (liabilities)

	Parent		Group	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
The balance comprises temporary differences attributable to:				
Provisions	**-**	-	**520**	523
Property, plant and equipment	**-**	-	**(675)**	(2,064)
Total net deferred tax assets/(liabilities)	**-**	-	**(155)**	(1,541)
Deferred tax assets				
Deferred tax assets to be recovered after more than 12 months	**-**	-	**214**	187
Deferred tax assets to be recovered within 12 months	**-**	-	**348**	336
Total deferred tax assets	**-**	-	**562**	523
Deferred tax liabilities				
Deferred tax liabilities to be recovered after more than 12 months	**-**	-	**(717)**	(2,064)
Deferred tax liabilities to be recovered within 12 months	**-**	-	**-**	-
Total deferred tax liabilities	**-**	-	**(717)**	(2,064)

10 Deferred tax assets / (liabilities) (continued)

	Provisions $'000	Losses to carry forward $'000	Property, Plant and equipment $'000	Total $'000
Parent				
Balance at 1 July 2011	-	-	-	-
Credited / (charged) to surplus component of statement of comprehensive income	-	-	-	-
Balance at 30 June 2012	-	-	-	-
Balance at 1 July 2012	-	-	-	-
Credited / (charged) to surplus component of statement of comprehensive income	-	-	-	-
Balance at 30 June 2013	-	-	-	-
Group				
Balance at 1 July 2011	253	151	(1,309)	(905)
Credited / (charged) to surplus component of statements of comprehensive income	270	(151)	(755)	(636)
Balance at 30 June 2012	523	-	(2,064)	(1,541)
Balance at 1 July 2012	523	-	(2,064)	(1,541)
Credited / (charged) to surplus component of statements of comprehensive income	(5)	-	1,389	1,384
Charged to other comprehensive income	1	-	-	1
Balance at 30 June 2013	520	-	(675)	(155)

The opening net deferred tax liability of the Group ($1,541,000) was made up of a deferred tax asset of $523,000 and a deferred tax liability of $2,064,000. On the basis that NZFIA's net assets have been impaired as at 30 June 2013, deferred tax liability of $1,414,000 has been de-recognised for NZFIA at the Group level.

The net deferred tax liability of the Group as at 30 June 2013 is $155,000, for which a deferred tax asset of $552,000 is recognised on the statement of financial position and deferred tax liability of $707,000 is recognised as part of the disposal group (note 21).

11 Cash and cash equivalents

	Parent		Group	
	2013 **$'000**	2012 $'000	**2013** **$'000**	2012 $'000
Cash at bank and in hand	**2,034**	896	**2,034**	1,378
Total cash and cash equivalents	**2,034**	896	**2,034**	1,378

The carrying value of cash at bank approximates its fair value. The disposal group cash at bank and in hand ($365,000) is excluded from the Group's total cash and cash equivalents balance.

12 Debtors and other receivables

	Parent		Group	
	2013 **$'000**	2012 $'000	**2013** **$'000**	2012 $'000
Trade receivables	**368**	174	**368**	213
Less provision for impairment of receivables	**(4)**	(3)	**(4)**	(3)
Sundry receivables	**14**	36	**14**	44
Related party receivables (note 28)	**2,140**	6,864	**2,140**	6,864
Goods and services tax	**216**	224	**216**	225
Prepayments	**2,064**	27	**2,064**	27
Related party prepayments	**-**	418	**-**	-
Total debtors and other receivables	**4,798**	7,740	**4,798**	7,370

The fair value of receivables approximates their carrying values.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above.

Impairment

At year end, all overdue receivables are assessed for impairment and appropriate provisions applied.

The status of receivables as at 30 June 2013 are detailed below:

Past due but not impaired

As at 30 June 2013, Parent trade receivables of $23,000 and Group trade receivables of $23,000 were past due but not impaired (2012: Parent $33,000 and Group $43,000). These relate to a number of independent customers for whom there is no recent history of default.

The aging analysis of trade receivables is as follows:

	Parent		Group	
	2013 **$'000**	2012 $'000	**2013** **$'000**	2012 $'000
Current	**341**	138	**341**	167
Past due 1-60 days	**26**	13	**26**	18
Past due 61-90 days	**1**	1	**1**	1
Past due 90+ days	**-**	22	**-**	27
Balance at 30 June 2013	**368**	174	**368**	213

12 Debtors and other receivables (continued)

Impaired receivables

As at 30 June 2013, the amount of debtors in the Company and Group assessed as impaired was $4,000 and a provision of this amount has been raised against debtors and has been recognised as a doubtful debt expense (2012: $3,000). The movement has been included in 'other expenditure' in the statements of comprehensive income.

13 Inventories

	Parent		Group	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Finished goods	**88**	132	**88**	132
Total inventories	**88**	132	**88**	132

No inventories are pledged as security for liabilities.

Inventory expense

Inventories are valued at cost. The realisable value of all inventories is greater than the value held. There has been no write down of inventories during the reporting period (2012: Nil).

14 Property, plant and equipment

Parent	**Cost $'000**	**1 July 2012 Accumulated depreciation and impairment charges $'000**	**Carrying amount $'000**	**Current year movements: Current year additions $'000**	**Current year disposals $'000**	**Transfers $'000**	**Impairment charges**	**Current year depreciation $'000**	**30 June 2013: Cost $'000**	**Accumulated depreciation and impairment charges $'000**	**Carrying amount $'000**
Operational assets											
At cost											
Plant and machinery	**239**	**(55)**	**184**	**-**	**(2)**	**72**	**-**	**(39)**	**267**	**(51)**	**216**
Computer equipment	**600**	**(139)**	**461**	**-**	**(7)**	**6**	**-**	**(109)**	**582**	**(231)**	**351**
Furniture, fittings and equipment	**1,938**	**(251)**	**1,687**	**-**	**(31)**	**310**	**-**	**(316)**	**2,181**[1]	**(531)**	**1,650**
Motor vehicles	**8**	**(4)**	**4**	**-**	**-**	**-**	**-**	**(3)**	**8**	**(6)**	**2**
Capital work in progress	**1**	**-**	**1**	**387**	**-**	**(388)**	**-**	**-**	**-**	**-**	**-**
	2,786	**(449)**	**2,337**	**387**	**(40)**	**-**	**-**	**(467)**	**3,038**	**(819)**	**2,219**

Parent	Cost $'000	1 July 2011 Accumulated depreciation and impairment charges $'000	Carrying amount $'000	Prior year movements: Prior year additions $'000	Prior year disposals $'000	Transfers $'000	Impairment charges $'000	Prior year depreciation $'000	30 June 2012: Cost $'000	Accumulated depreciation and impairment charges $'000	Carrying amount $'000
Operating assets											
At cost											
Plant and machinery	69	(27)	42	-	(2)	182	-	(38)	239	(55)	184
Computer equipment	333	(65)	268	-	(46)	359	-	(120)	600	(139)	461
Furniture, fittings and equipment	213	(38)	175	-	(2)	1,728	-	(214)	1,938	(251)	1,687
Motor vehicles	8	(1)	7	-	-	-	-	(3)	8	(4)	4
Leased plant and equipment	22	(13)	9	-	(9)	-	-	-	-	-	-
Leasehold improvements	16	-	16	-	-	(16)	-	-	-	-	-
Capital work in progress	307	-	307	2,405	(458)	(2,253)	-	-	1	-	1
	968	(144)	824	2,405	(517)	-	-	(375)	2,786	(449)	2,337

[1] Includes office fit out costs totalling $1,991,000

14 Property, plant and equipment (continued)

Group	1 July 2012			Current year movements					30 June 2013		
	Cost $'000	Accumulated depreciation and impairment charges $'000	Carrying amount $'000	Current year additions $'000	Current year disposals $'000	Transfers $'000	Impairment charges $'000	Current year depreciation $'000	Cost $'000	Accumulated depreciation and impairment charges $'000	Carrying amount $'000
Operational assets											
At cost											
Plant and machinery	**6,219**	**(245)**	**5,974**	**213**	**(2)**	**(1,706)**	**(3,807)**	**(456)**	**267**	**(51)**	**216**
Computer equipment	**706**	**(144)**	**562**	**4**	**(7)**	**(21)**	**(56)**	**(131)**	**582**	**(231)**	**351**
Furniture, fittings and equipment	**4,044**	**(305)**	**3,739**	**72**	**(31)**	**(330)**	**(1,371)**	**(429)**	**2,181**	**(531)**	**1,650**
Motor vehicles	**8**	**(4)**	**4**	**-**	**-**	**-**	**-**	**(3)**	**8**	**(6)**	**2**
Capital work in progress	**1**	**-**	**1**	**387**	**-**	**(388)**	**-**	**-**	**-**	**-**	**-**
	10,978	**(698)**	**10,280**	**677**	**(40)**	**(2,445)**	**(5,234)**	**(1,019)**	**3,038**	**(819)**	**2,219**

Group	1 July 2011			Prior year movements					30 June 2012		
	Cost $'000	Accumulated depreciation and impairment charges $'000	Carrying amount $'000	Prior year additions $'000	Prior year disposals $'000	Transfers $'000	Impairment charges $'000	Prior year depreciation $'000	Cost $'000	Accumulated depreciation and impairment charges $'000	Carrying amount $'000
Operational assets											
At cost											
Plant and machinery	69	(27)	42	2,007	(2)	4,155	-	(228)	6,219	(245)	5,974
Computer equipment	333	(65)	268	107	(46)	359	-	(126)	706	(144)	562
Furniture, fittings and equipment	213	(38)	175	1,405	(2)	2,430	-	(269)	4,044	(305)	3,739
Motor vehicles	8	(1)	7	-	-	-	-	(3)	8	(4)	4
Leased plant and equipment	22	(13)	9	-	(9)	-	-	-	-	-	-
Leasehold improvements	16	-	16	-	-	(16)	-	-	-	-	-
Capital work in progress	4,982	-	4,982	2,405	(458)	(6,928)	-	-	1	-	1
	5,643	(144)	5,499	5,924	(517)	-	-	(626)	10,978	(698)	10,280

There was no capital expenditure funded by Auckland Council this reporting period (2012: $1,160,000) and the Quay Street Landlord $Nil (2012: $899,000).
NZFIA assets have been partially written down as noted in note 7, with the residual carrying amount transferred to disposal group held for sale.

15 Intangible assets

Parent	Cost	1 July 2012 Accumulated amortisation and impairment charges	Carrying amount	Current year movements: Current year additions	Current year disposals	Transfers	Current year amortisation	30 June 2013 Cost	Accumulated amortisation and impairment charges	Carrying amount
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At cost										
Computer software	18	(5)	13	-	(4)	-	(4)	11	(5)	6

Parent	Cost	1 July 2011 Accumulated amortisation and impairment charges	Carrying amount	Prior year movements: Prior year additions	Prior year disposals	Transfers	Prior year amortisation	30 June 2012 Cost	Accumulated amortisation and impairment charges	Carrying amount
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At cost										
Computer software	18	(2)	16	-	-	-	(3)	18	(5)	13

15 Intangible assets (continued)

Group	1 July 2012			Current year movements					30 June 2013		
	Cost $'000	**Accumulated amortisation and impairment charges** $'000	**Carrying amount** $'000	**Current year additions** $'000	**Current year disposals** $'000	**Transfers** $'000	**Revaluation/ Eliminations on Disposals Adjustments on amortisation** $'000	**Current year amortisation** $'000	**Cost** $'000	**Accumulated amortisation and impairment charges** $'000	**Carrying amount** $'000
At cost											
Computer software	19	(6)	13	6	(4)	(6)	-	(4)	11	(5)	6

Group	1 July 2011			Prior year movements					30 June 2012		
	Cost $'000	**Accumulated amortisation and impairment charges** $'000	**Carrying amount** $'000	**Prior year additions** $'000	**Prior year disposals** $'000	**Transfers** $'000	**Revaluation/ Eliminations on Disposals Adjustments on amortisation** $'000	**Prior year amortisation** $'000	**Cost** $'000	**Accumulated amortisation and impairment charges** $'000	**Carrying amount** $'000
At cost											
Computer software	19	(3)	16	-	-	-	-	(3)	19	(6)	13

Amortisation of $3,000 (2012: $3,000) (Parent) and $4,000 (2012: $3,000) (Group) is included in depreciation and amortisation expense in the statements of comprehensive income.

16 Other financial assets

	Parent		Group	
	2013 **$'000**	2012 $'000	**2013** **$'000**	2012 $'000
Current				
Short term loans	**49**	-	**49**	-
Total current	**49**	-	**49**	-
Non-current				
Community loan	**40**	40	**40**	40
Total non-current	**40**	40	**40**	40
Total other financial assets	**89**	40	**89**	40

The current short term loans relate to loans to Pasifika Festival Villages Charitable Trust and Accelerating Aotearoa Incorporated for the Digital Innovation Showcase. Both loans will be repaid within 12 months of balance date.

The non-current community loan is to the Methodist Employment Generation Fund (Northern) Trust to provide funds for its Young Enterprise Loan Scheme. The loan is repayable on written demand. It is acknowledged that repayment will be demanded if the loan scheme ceases to operate. No demand for repayment will apply to funds advanced to applicants.

17 Creditors and other payables

	Parent		Group	
	2013 **$'000**	2012 $'000	**2013** **$'000**	2012 $'000
Current				
Creditors	**1,064**	860	**1,064**	1,666
Accrued expenses	**2,170**	1,782	**2,170**	1,870
Related party payables (note 28)	**112**	901	**112**	935
Revenue in advance	**264**	1,298	**264**	1,309
Sundry payables	**354**	426	**354**	426
Lease inducement payment	**129**	121	**129**	121
	4,093	5,388	**4,093**	6,327
Non current				
Lease inducement payment	**576**	667	**576**	667
	576	667	**576**	667
Total trade and other payables	**4,669**	6,055	**4,669**	6,994

Trade and other payables are normally settled on 30 day terms, therefore the carrying value of trade and other payable approximates their fair value.

18 Employee entitlements

	Parent		Group	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Current				
Annual leave	**811**	962	**811**	970
Sick leave	**12**	15	**12**	15
Accrued salaries and wages	**269**	283	**269**	315
Total current	**1,092**	1,260	**1,092**	1,300
Long service leave	**1**	1	**1**	1
Total non-current	**1**	1	**1**	1
Total employee benefit liabilities	**1,093**	1,261	**1,093**	1,301

19 Derivative financial instruments

	Parent		Group	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Non-current assets				
Forward foreign exchange contracts - cash flow hedges	**3**	-	**3**	-
Total derivative financial instrument assets	**3**	-	**3**	-
Current liabilities				
Forward foreign exchange contracts - cash flow hedges	**3**	51	**3**	51
	3	51	**3**	51
Non-current liabilities				
Forward foreign exchange contracts - cash flow hedges	**6**	106	**6**	106
	6	106	**6**	106
Total derivative financial instrument liabilities	**9**	157	**9**	157
Total net derivative financial instruments assets/ (liabilities)	**(6)**	(157)	**(6)**	(157)

The Parent is party to derivative financial instruments in the normal course of business in order to manage exposure to fluctuations in foreign exchange rates in accordance with the Company and Group's financial risk management policies.

The Group is party to forward exchange contracts in order to manage foreign exchange risk.

These contracts are hedging highly probably forecasted transactions.

20 Provisions

Redundancy provision	**99**	-	**99**	-

As at 30 June 2013 ATEED made a provision for three redundancy payments. Two of the redundancy payments were made within a month of balance date and the other redundancy payment will be made within six months of balance date. The provision was calculated based on contractual obligations.

21 Disposal group held for sale

	Parent		Group	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Disposal group assets held for sale				
Cash and cash equivalents	**-**	-	**365**	-
Debtors and other receivables	**-**	-	**74**	-
Goods and services tax	**-**	-	**31**	-
Property, plant and equipment	**-**	-	**2,445**	-
Investment in associate	**-**	-	**3**	-
Total assets	**-**	-	**2,918**	-
Liabilities relating to a disposal group				
Creditors and other payables	**-**	-	**(285)**	-
Deferred tax liabilities	**-**	-	**(707)**	-
Revenue in advance	**-**	-	**(17)**	-
Total liabilities	**-**	-	**(1,009)**	-
Net assets	**-**	-	**1,909**	-

A memorandum of understanding was entered into prior to balance date to dispose of two thirds of ATEED's 100% investment in NZFIA to Callaghan Innovation Limited for a nominal amount. Terms were subsequently confirmed in a sale and purchase agreement executed subsequent to balance date but before adoption of these accounts.

Recognition of the disposal group held for sale at fair value has led to a $5,234,000 impairment of the NZFIA disposal group assets (property, plant and equipment) at the group level to the value reflected above (note 7).

In addition, a portion of an NZFIA's deferred tax liability as at 30 June 2013 ($1,414,000) has been de-recognised on consolidation as a result of the decision by ATEED to transfer two thirds share of its investment in NZFIA (note 8).

22 Investments in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2.2

All subsidiaries are incorporated in New Zealand.

	2013	2012
Name of entity	**%**	%
New Zealand Food Innovation Auckland Limited	**100**	100
Bizangels Limited	**-**	100
The Business Shop Limited	**-**	100

New Zealand Food Innovation Auckland Limited is 100% owned by ATEED, and its primary objective is to encourage, promote, and support food innovation within the Auckland region.

Bizangels Limited and The Business Shop Limited were both inactive companies and were removed from the Companies Register during the year ended 30 June 2013.

22 Investments in subsidiaries (continued)

	Parent	
	2013	2012
	$'000	$'000
New Zealand Food Innovation Auckland Limited	**10**	10
The Business Shop Limited	**-**	-
Bizangels Limited	**-**	-
Total investments in subsidiaries	**10**	10

23 Contributed equity

Consolidated and Parent

	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Equity contributed by disestablished councils	**3,457**	3,457	**3,413**	3,413
Equity contributed by disestablished CCOs	**919**	919	**919**	919
Total	**4,376**	4,376	**4,332**	4,332

	30 June		**30 June**	
	2013	2012	**2013**	2012
	Shares	Shares	**Shares**	Shares
Opening number of ordinary shares issued	**1,000**	1,000	**1,000**	1,000
Issues of ordinary shares during the year / period	**-**	-	**-**	-
Closing balance of ordinary shares issued	**1,000**	1,000	**1,000**	1,000

All ordinary shares are fully paid and rank equally with one vote attached to each fully paid ordinary share. Ordinary shares do not have a par value.

Equity contributed by disestablished councils includes opening accumulated deficit of $44,000 held in the subsidiary of New Zealand Food Innovation Auckland Limited. The Manukau Enterprise and Employment Trust (a subsidiary of Manukau City Council pre Auckland Council amalgamation) was the initial shareholder, with the shareholding transferred to ATEED on 1 November 2010.

24 Reserves and accumulated funds / (losses)

	Parent		Group	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
(a) Hedging reserve - cash flow hedges				
Balance beginning of year	**(157)**	-	**(157)**	-
Fair value gains/(losses) in year	**152**	(157)	**154**	(157)
Balance at 30 June	**(5)**	(157)	**(3)**	(157)

Hedging reserve - cash flow hedges
The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge. The amounts are recognised in the surplus / deficit component of the statements of comprehensive income when the associated hedged transactions affect the surplus / deficit component of the statements of comprehensive income as described in note 2.9.

	Parent		Group	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
(b) Accumulated funds / (losses)				
Balance at beginning of the year	**(524)**	(146)	**5,047**	3,220
Surplus / (deficit) for the year	**(470)**	(378)	**(3,548)**	1,827
Accumulated funds / (losses) 30 June	**(994)**	(524)	**1,499**	5,047

25 Reconciliation of net surplus / (deficit) after tax to net cash inflow from operating activities

	Parent		Group	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Surplus / (deficit) after tax	**(470)**	(378)	**(3,548)**	1,827
Add/(less) non-cash items:				
Depreciation and amortisation expense	**470**	378	**1,024**	629
Impairment of receivables	**4**	(32)	**10**	(32)
Loss on disposal of assets	**44**	342	**44**	342
Impairment of NZFIA net assets	**-**	-	**5,234**	-
Income tax benefit	**-**	-	**(1,384)**	-
Net foreign exchange loss	**-**	-	**63**	-
Add/(less) items classified as investing or financing activities				
Property, plant and equipment financed by working capital	**-**	-	**425**	-
Add/(less) movements in working capital:				
Derivatives	**-**	-	**-**	(33)
Debtors and other receivables	**2,944**	6,294	**2,404**	6,415
Inventories	**44**	17	**44**	17
Tax payable	**-**	-	**-**	637
Creditors and other payables	**(1,394)**	(5,056)	**(2,033)**	(6,279)
Provisions	**99**	(3)	**99**	(3)
Employee benefits	**(168)**	32	**(208)**	29
Net cash inflow (outflow) from operating activities	**1,574**	1,594	**2,173**	3,549

26 Capital commitments and operating leases

Operating leases as lessee
The Company and Group lease property, plant and equipment in the normal course of their business. The majority of these leases have a non cancellable term, varying from 3 to 8 years. The future aggregate minimum lease payments payable under non cancellable operating leases are as follows:

	Parent		Group	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Minimum operating lease payments payable:				
Less than one year	**1,643**	1,558	**2,386**	2,365
Between one and five years	**4,380**	5,319	**7,296**	8,546
More than five years	**410**	1,320	**6,313**	8,713
Total non-cancellable operating leases as lessee	**6,433**	8,197	**15,995**	19,624

The total minimum future sublease payments expected to be received under non cancellable subleases at balance date is $273,000 (2012: $27,000).

Leases can be renewed at the Company and Group's discretion, with rents set by reference to current market rates for items of equivalent age and condition.

There are no restrictions placed on the Company and Group by any of the leasing arrangements.

27 Contingencies - assets & liabilities

The Parent and Group have a contingent asset of $2,800,000 as at 30 June 2013 (2012: 1,100,000). The contingent asset relates to a memorandum of understanding with the Auckland Council for funds available to be drawn down for the delivery of the Major Events Strategy 2012 - 2022.

The Parent and Group have entered into contracts to hold, deliver and sponsor major events in future financial years. The value of these contracts do not exceed the Auckland Council funding reflected in the Long Term Plan 2012 - 2022.

28 Related party transactions

Related party	**Nature of transactions**	**Relationship with company**	**Revenue / (expense) Transaction 2013 $'000**	2012 $'000	**Receivable / (payable) Year-end 2013 $'000**	2012 $'000
Parent transactions with related parties						
Auckland Council	Rates expense	Parent	-	(19)	-	-
Auckland Council	Shared service expenditure	Parent	(4,291)	(4,204)	-	(350)
Auckland Council	Funding revenue & expenditure[2]	Parent	38,598	46,148	2,125	6,853
Auckland Council	Event delivery	Parent	17	2,991	4	-
Auckland Council	Loan payable	Parent	-	(2,475)	-	-
Auckland Council	Other services purchased	Parent	(180)	(3,527)	(69)	(26)
Auckland Council	Funding received in advance'	Parent	-	-	-	(500)
New Zealand Food Innovation Auckland Limited	Grant funding	Subsidiary	(1,000)	(500)	-	-
New Zealand Food Innovation Auckland Limited	Prepayment	Subsidiary	-	-	-	418
New Zealand Food Innovation Auckland Limited	Other expenditure	Subsidiary	(13)	(12)	-	-
Auckland Council Property Limited	Asset disposal	Auckland Council - CCO	-	(7)	-	-
Auckland Transport Limited	Revenue	Auckland Council - CCO	8	184	-	-
Auckland Transport Limited	Expenditure	Auckland Council - CCO	(107)	(374)	(30)	-
Auckland Transport Limited	Asset disposal	Auckland Council - CCO	-	626	-	-
Auckland Waterfront Development Agency Limited	Revenue	Auckland Council - CCO	33	75	3	6
Auckland Waterfront Development Agency Limited	Expenditure	Auckland Council - CCO	(6)	(58)	-	-
Auckland Waterfront Development Agency Limited	Asset disposal	Auckland Council - CCO	-	705	-	-
Regional Facilities Auckland Limited	Revenue	Auckland Council - CCO	20	803	7	4
Regional Facilities Auckland Limited	Expenditure	Auckland Council - CCO	(143)	(456)	(7)	(13)
Regional Facilities Auckland Limited	Asset disposal	Auckland Council - CCO	-	3,694	-	-

[2] The increase in Auckland Council funding in 2012 relates to the Rugby World Cup 2011.

28 Related party transactions (continued)

Transactions with related parties			**Revenue / (expense) Transaction**		**Receivable / (payable) Year-end**	
Related party	**Nature of transactions**	**Relationship with company**	**2013 $'000**	2012 $'000	**2013 $'000**	2012 $'000
Watercare Services Limited	Expenditure	Auckland Council - CCO	(2)	(2)	-	-
Manukau Beautification Charitable Trust	Expenditure	Auckland Council - Subsidiary	-	(8)	-	-
Ports of Auckland Limited	Accounts receivables	Auckland Council - Subsidiary	-	13	-	-
Auckland International Airport Limited	Revenue	Auckland Council - Associate	99	8	-	-
Auckland International Airport Limited	Expenditure	Auckland Council - Associate	(602)	(343)	-	(8)
Air New Zealand Limited	Sponsorship revenue	ATEED Director	-	6	-	-
Air New Zealand Limited	Revenue	ATEED Director	6	-	-	-
Air New Zealand Limited	Expenditure	ATEED Director	(1)	(2)	-	-
AUT University	Revenue	ATEED Director	48	47	-	-
AUT University	Expenditure	ATEED Director	(9)	(47)	(2)	-
Committee for Auckland Limited	Expenditure	ATEED Director	(10)	(30)	-	-
Dairy NZ Limited	Expenditure	ATEED Director	(32)	-	-	-
Massey University- Palmerston North	Expenditure	NZFIA Director	(24)	-	-	-
McConnell Limited	Expenditure	ATEED Director	(2)	-	-	-
NZ Trade and Enterprise Limited	Expenditure	ATEED Key Management Personnel	(3)	-	-	-
Parex Industries Limited	Revenue	ATEED Director	-	2	-	-
PwC	Expense	ATEED Key Management Personnel	(78)	-	-	-
Vodafone Events Centre	Revenue	ATEED Director	4	9	1	1
Vodafone Events Centre	Expenditure	ATEED Director	(113)	(176)	(3)	-
Tourism Industry Association of NZ	Revenue	ATEED Director	2	-	-	-
Tourism Industry Association of NZ	Membership expenditure	ATEED Director	(10)	(13)	-	-
Tourism Industry Association of NZ	Other Expenditure	ATEED Director	(2)	-	-	-

28 Related party transactions (continued)

Transactions with related parties			**Revenue / (expense) Transaction**		**Receivable / (payable) Year-end**	
Related party	**Nature of transactions**	**Relationship with company**	**2013 $'000**	2012 $'000	**2013 $'000**	2012 $'000
Additional Group transactions with related parties:						
Auckland International Airport Limited	Expenditure	Auckland Council - Associate	(713)	(1,591)	-	(34)
NZ Food Innovation Network Limited	Revenue	NZFIA Associate	129	-	-	-
Gourmet Guru Limited	Revenue	NZFIA Director	5	-	-	-
Joy Icecream Limited	Revenue	NZFIA Director	1	-	-	-
Spatial Information Systems Limited	Expenditure	NZFIA Key Management Personnel	(1)	-	-	-
Sharp Data Electrical Limited	Expenditure	NZFIA Key Management Personnel	(12)	-	-	-
Other Related Party Transactions			-	-	-	-
Auckland Council	Hedging	Parent	153	-	(5)	(157)

Norman (Norm) Thompson, who is a Deputy Chair of the Company, is the Deputy Chief Executive of Air New Zealand. The Company uses Air New Zealand for national and international air travel where appropriate, although not exclusively. Selection of that carrier is on the basis of seat availability and fit with required travel dates. The Group Travel Policy is applied when booking air travel. Not all of these transactions are made directly between the Company and Air New Zealand, as some travel is booked through third party booking agents. This means that the Company cannot identify the total expenditure for travel with Air New Zealand. The Company's total travel costs for the year are $646,000 (2012: $605,000). Some, but not all of this amount, will be for air travel with Air New Zealand.

The husband of Rachael Carroll (General Manager Destination and Marketing) became a director at PwC in February 2013. The company uses PwC for consultancy services and the independent review and preparation of statutory accounts and has done so in previous years, prior to his becoming a director.

City Parks Services is now included with Auckland Council, being an internal department. North Harbour Stadium is included with Regional Facilities Auckland along with Auckland Zoo, Auckland Art Gallery, Auckland Conventions Venues and Events and Mt Smart Stadium.

Hedging transactions through Auckland Council have been disclosed but have not been reclassified as a Related Party Payable.

Payments for transactions between related parties are made on normal commercial terms and are at arm's length. An interests register is maintained of Directors' and staff's declared interests and updated at each Board meeting. When the Board discusses an issue which may give cause to a conflict for one or more of the Directors, they are asked to leave the room for the duration of the discussion. The key determination when considering whether an interest might create a conflict is whether the interest creates an incentive for the Director or staff member to act in a way that may not be in the interests of the Company.

As at 30 June 2013 there are no provisions for doubtful debts on the outstanding balances and no expense was recognised during the period in respect of bad or doubtful debts due from related parties (2012: Nil).

29 Remuneration

	Parent		Group	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Key management remuneration				
Directors' fees	**310**	316	**355**	336
Senior management salaries and other short term benefits	**1,699**	1,184	**1,912**	1,184
Total key management remuneration	**2,009**	1,500	**2,267**	1,520

	Parent		Group	
	2013	2012	**2013**	2012
	Number of employees	Number of employees	**Number of employees**	Number of employees
The number of employees that received over $100,000 p.a. as at 30 June is as follows:				
$100,000 - $109,999	**5**	4	**5**	4
$110,000 - $119,999	**4**	8	**6**	8
$120,000 - $129,999	**2**	9	**2**	9
$130,000 - $139,999	**1**	1	**1**	1
$140,000 - $149,999	**4**	1	**4**	1
$150,000 - $159,999	**-**	3	**-**	3
$160,000 - $169,999	**1**	-	**1**	-
$180,000 - $189,999	**-**	1	**-**	1
$190,000 - $199,999	**1**	-	**1**	-
$200,000 - $209,999	**1**	-	**1**	-
$210,000 - $219,999	**-**	2	**1**	2
$230,000 - $239,999	**-**	1	**-**	1
$240,000 - $249,999	**1**	-	**1**	-
$350,000 - $359,999	**1**	-	**1**	-

	Parent		Group	
	2012	**2011**	**2012**	**2011**
	$'000	**$'000**	**$'000**	**$'000**
Directors' fees by Director				
David McConnell	**79**	73	**79**	73
Franceska Banga	**45**	45	**45**	45
Norm Thompson	**37**	52	**37**	52
Richard Jeffery	**39**	37	**39**	37
Vivien Bridgwater	**39**	37	**39**	37
Andy Higgs	**39**	9	**39**	9
Simon Tucker	**32**	6	**32**	6
Peter Drummond	**-**	30	**-**	30
John Law	**-**	28	**-**	28
Roger Gower	**-**	-	**15**	-
Anthony Nowell	**-**	-	**10**	8
Ross McCallum	**-**	-	**10**	10
Sir Barry Curtis	**-**	-	**5**	2
Colin Wise	**-**	-	**5**	-
Gaelle Deighton	**-**	-	**-**	-
Richard Reid	**-**	-	**-**	-
Total directors fees	**310**	317	**355**	337

30 Events occurring after the balance date

ATEED transferred two thirds of the ownership of NZFIA to Callaghan Innovation Limited on 1 August 2013 (note 21).

31 Financial risk management

The Company and Group's activities expose it to a variety of financial risks: market risk, liquidity risk and credit risk. The Company and Group's risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company and Group.

The Company and Group's treasury management is carried out by the Auckland Council Treasury group, and their policies and procedures are applied.

These policies do not allow any transactions that are speculative in nature to be entered into.

		Carrying amount		**Fair value**	
	Note	**2013 $'000**	2012 $'000	**2013 $'000**	2012 $'000
Parent					
Financial assets					
Derivative financial assets	19	**3**	-	**3**	-
Debtors and other receivables	12	**2,515**	7,071	**2,515**	7,071
Cash and cash equivalents	11	**2,034**	896	**2,034**	896
Other financial assets	16	**89**	40	**89**	40
Total financial assets		**4,641**	8,007	**4,641**	8,007
Financial liabilities					
Derivative financial liabilities	19	**(9)**	(157)	**(9)**	(157)
Creditors and other payables	17	**(3,700)**	(3,969)	**(3,700)**	(3,969)
Total financial liabilities		**(3,709)**	(4,126)	**(3,709)**	(4,126)
Net financial assets / (liabilities)		**932**	3,881	**932**	3,881

	Note	**2013 $'000**	2012 $'000	**2013 $'000**	2012 $'000
Group					
Financial assets					
Derivative financial assets	19	**3**	-	**3**	-
Debtors and other receivables	12	**2,518**	7,118	**2,518**	7,118
Cash and cash equivalents	11	**2,034**	1,378	**2,034**	1,378
Other financial assets	16	**89**	40	**89**	40
Total financial assets		**4,644**	8,536	**4,644**	8,536
Financial liabilities					
Derivative financial liabilities	19	**(9)**	(157)	**(9)**	(157)
Creditors and other payables	17	**(3,700)**	(4,897)	**(3,700)**	(4,897)
Total financial liabilities		**(3,709)**	(5,054)	**(3,709)**	(5,054)
Net financial assets (liabilities)		**935**	3,482	**935**	3,482

31 Financial risk management (continued)

(a) Market risk

Foreign exchange risk
The Company and Group won the rights to host the World Masters Games 2017 in 2012 and as a consequence has an obligation to make Euro denominated rights payments in each of the 5 years until 2017. The Company and Group decided to hedge the foreign currency risk associated with these payments and entered into forward foreign exchange contracts for each of the payments in August 2013 to 2017.

Foreign currency risk arises when the cost of a product or service sourced offshore rises due to a deterioration in the exchange rate between the New Zealand dollar and the relevant foreign currency (2013: Euro, 2012: Euro) between the time a commitment is made to incur the expenditure and the time payment is actually made. The Company and Group is able to mitigate the risk of such an adverse movement in exchange rates by utilising the services of the Auckland Council Treasury group and by entering into forward foreign exchange contracts.

In applying a sensitivity of 5% (2012:10%) movement in foreign exchange rates, the Company and Group is exposed to either a foreign exchange gain of $183,000 or loss of $171,000 in other comprehensive income (2012: $193,000 gain or $796,000 loss in other comprehensive income). The Company and Group considers this potential movement reflects reasonably possible changes in foreign exchange rates.

Interest rate risk
The Company and Group have no borrowings and are therefore not exposed to interest rate risk.

(b) Credit risk

Credit risk is the risk that a third party will default on its obligation to the Company and Group causing the Company and Group to incur a loss. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions and credit exposures to receivables and other debtors.

The Company and Group has limited exposure to credit risk on debtors accounts due. The main debtors at any point in time are Auckland Council and government agencies. These debtors are parties to signed contracts with the Company and Group. Exposure to credit risk on other debtors is limited by having contractual support, payment in advance of services received, and by spreading the risk (e.g. many advertising sales in publications). When it is deemed prudent, a credit risk assessment will be undertaken.

The Company and Group has no collateral or other credit enhancements for financial instruments that give rise to credit risk. No credit limits were exceeded during the reporting period, and management does not expect any losses from non performance by counterparties.

Maximum exposure to credit risk

ATEED's maximum credit exposure for each class of financial instrument is as follows:

	Parent		**Group**	
	2013 $'000	2012 $'000	**2013 $'000**	2012 $'000
Cash and cash equivalents	**2,034**	896	2,034	1,378
Debtors and other receivables	**2,515**	7,071	2,518	7,118
Other financial assets	**89**	40	89	40
Total	**4,638**	8,007	4,641	8,536

31 Financial risk management (continued)

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

	Parent		Group	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Cash at bank and short-term bank deposits				
"AA" Standard and Poor's rating	**-**	-	**-**	-
"AA-" Standard and Poor's rating	**2,034**	896	**2,034**	1,378
Total cash at bank and short-term bank deposits	**2,034**	896	**2,034**	1,378
Counter parties without credit ratings				
Existing counterparty with defaults in the past	**-**	-	**-**	-
Existing counterparty with no defaults in the past	**2,604**	7,111	**2,604**	7,158
Total counter parties without credit ratings	**2,604**	7,111	**2,604**	7,158

(c) Liquidity risk

Liquidity risk is the risk that the Company and Group will encounter difficulty raising liquid funds to meet commitments as they fall due.

Funding requirements of the Company and Group are provided, as needed, by the Auckland Council Treasury group.

The Company and Group has nil overdraft facility.

Contractual maturity analysis of financial liabilities

The table below analyses the Company and Group's financial liabilities into relevant maturity groupings based on the period remaining at balance date until the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	On demand	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying Amount liabilities
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Parent - 30 June 2013							
Non-derivatives							
Creditors and other payables	3,700	-	-	-	-	3,700	3,700
Total	3,700	-	-	-	-	3,700	3,700
Derivatives							
Forward foreign exchange contracts	-	675	697	720	-	2,092	9
- (inflow)	-	(672)	(693)	(718)	-	(2,083)	-
- outflow	-	-	-	-	-	-	-
Total	-	3	4	2	-	9	9

31 Financial risk management (continued)

	On demand $'000	**Less than 1 year $'000**	**Between 1 and 2 years $'000**	**Between 2 and 5 years $'000**	**Over 5 years $'000**	**Total contractual cash flows $'000**	**Carrying Amount liabilities $'000**
Group - 30 June 2013							
Non-derivatives							
Creditors and other payables	3,700	-	-	-	-	3,700	3,700
Total	3,700	-	-	-	-	3,700	3,700
Derivatives							
Forward foreign exchange contracts	-	675	697	720	-	2,092	9
- (inflow)	-	(672)	(693)	(718)	-	(2,083)	-
- outflow	-	-	-	-	-	-	-
Total	-	3	4	2	-	9	9

	On demand $'000	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total contractual cash flows $'000	Carrying Amount (assets)/ liabilities $'000
Parent - 30 June 2012							
Non-derivatives							
Creditors and other payables	3,969	-	-	-	-	3,969	3,969
Total	3,969	-	-	-	-	3,969	3,969
Derivatives							
Forward foreign exchange contracts	-	-	-	-	-	-	157
- (inflow)	-	(1,589)	(1,330)	(2,168)	-	(5,087)	-
- outflow	-	1,640	1,372	2,232	-	5,244	-
Total	-	51	42	64	-	157	157

	On demand $'000	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total contractual cash flows $'000	Carrying Amount (assets)/ liabilities $'000
Group - 30 June 2012							
Non-derivatives							
Creditors and other payables	4,897	-	-	-	-	4,897	4,897
Total	4,897	-	-	-	-	4,897	4,897
Derivatives							
Forward foreign exchange contracts	-	-	-	-	-	-	157
- (inflow)	-	(1,589)	(1,330)	(2,168)	-	(5,087)	-
- outflow	-	1,640	1,372	2,232	-	5,244	-
Total	-	51	42	64	-	157	157

31 Financial risk management (continued)

(d) Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table presents the Group's assets and liabilities that are measured at fair value as at 30 June 2013.

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total balance $'000
Parent - 30 June 2013				
Assets				
Forward foreign exchange contracts - cash flow hedges	-	3	-	3
Total Assets	-	3	-	3
Liabilities				
Forward foreign exchange contracts - cash flow hedges	-	9	-	9
Total liabilities	-	9	-	9

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Parent - 30 June 2012				
Assets				
Forward foreign exchange contracts - cash flow hedges	-	-	-	-
Total Assets	-	-	-	-
Liabilities				
Forward foreign exchange contracts - cash flow hedges	-	157	-	157
Total liabilities	-	157	-	157

	$'000	$'000	$'000	$'000
Group - 30 June 2013				
Assets				
Forward foreign exchange contracts - cash flow hedges	-	9	-	9
Total Assets	-	9	-	9
Liabilities				
Forward foreign exchange contracts - cash flow hedges	-	-	-	-
Total liabilities	-	-	-	-

31 Financial risk management (continued)

Group - 30 June 2012	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Forward foreign exchange contracts - cash flow hedges	-	-	-	-
Total Assets	-	-	-	-
Liabilities				
Forward foreign exchange contracts - cash flow hedges	-	157	-	157
Total liabilities	-	157	-	157

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

The fair value of forward foreign currency contracts is calculated as the present value of the estimated future cash flows based on observable yield curves.

(e) Financial instruments by category

Assets as per balance sheet	Derivatives for hedging $'000	Loans and receivables $'000	Total $'000
Parent			
At 30 June 2013			
Derivative Financial Asset - Forward foreign exchange contracts	3	-	3
Cash and cash equivalent	-	2,034	2,034
Debtors and other receivables	-	2,515	2,515
Other financial assets	-	89	89
Total	3	4,638	4,641
At 30 June 2012			
Cash and cash equivalent	-	896	896
Debtors and other receivables	-	7,071	7,071
Other financial assets	-	40	40
Total	-	8,007	8,007
Group			
At 30 June 2013			
Derivative Financial Asset - Forward foreign exchange contracts	3	-	3
Cash and cash equivalents	-	2,034	2,034
Debtors and other receivables	-	2,518	2,518
Other financial assets	-	89	89
Total	3	4,641	4,644
At 30 June 2012			
Cash and cash equivalent	-	1,378	1,378
Debtors and other receivables	-	7,118	7,118
Other financial assets	-	40	40
Total	-	8,536	8,536

31 Financial risk management (continued)

(e) Financial instruments by category (continued)

Liabilities as per balance sheet	Derivatives for hedging $'000	Measured at amortised cost $'000	Total $'000
Parent			
At 30 June 2013			
Derivative Financial Liability - Forward foreign exchange contracts	9	-	9
Trade and other payables	-	3,700	3,700
Total	9	3,700	3,709
At 30 June 2012			
Derivative Financial Liability - Forward foreign exchange contracts	157	-	157
Trade and other payables	-	3,969	3,969
Total	157	3,969	4,126
Group			
At 30 June 2013			
Derivative Financial Liability - Forward foreign exchange contracts	9	-	9
Creditors and other payables	-	3,700	3,700
Total	9	3,700	3,709
At 30 June 2012			
Derivative Financial Liability - Forward foreign exchange contracts	157	-	157
Creditors and other payables	-	4,897	4,897
Total	157	4,897	5,054

32 Capital management

The Company and Group's capital is its equity, which comprises equity contributed by disestablished councils and accumulated funds. Equity is represented by net assets.

The Local Government Act 2002 requires the Company and Group's sole shareholder, the Auckland Council to manage its revenues, expenses, assets, liabilities and general financial dealings prudently. The Company and Group's equity is largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings. These are monitored by using cash flow forecast analysis and detailed budgeting processes.

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

33 Variances against financial targets in the Statement of Intent (SOI)

	Actual 2013	Target 2013	Variance 2013
Target			
Operating deficit ($'000)	472	**181**	291
Shareholder's funds ($'000)	3,374	**5,318**	1,944
Total assets ($'000)	9,244	**10,442**	1,178
Ratio of consolidated shareholder funds to total assets (%)	36	**51**	15

Operating deficit

The operating deficit was $291,000 greater than the target due to increased depreciation expense from the capitalisation of office fit outs $254,000 and the purchase of marquees to be used for major events $14,000 (2012: $57,000).

Shareholder's Funds

Shareholder's funds as at 30 June 2013 were $1,944,000 less than the 2013 SOI Shareholder funds target due to the major events contingent asset not being reflected in the target (2012: $1,536,000).

Total Assets

Total assets as at 30 June 2013 were $1,178,000 less than the 2013 SOI total assets target due to a reduced current account and intercompany receivable account with Auckland Council and the outstanding amount being settled earlier than anticipated. (2012: $913,000).

ATTACHMENT B: DRAFT ATEED STATEMENT OF SERVICE PERFORMANCE FOR YEAR ENDED 30 JUNE 2013

ATEED Performance Measure – Annual Result

Auckland Tourism, Events and Economic Development Ltd (ATEED), has progressed well since inception in 2010, and in our work towards the targets set in our 2012-15 Statement of Intent (SOI). The Key Performance Indicators (KPIs) set out in this SOI have been refined from those used in the 2011-12 year.

Against the 25 KPIs contained in the 2012-15 SOI, ATEED has made significant progress towards achieving our vision to improve New Zealand's economic prosperity by leading the successful transformation of Auckland's economy. ATEED has adopted the 5-tier assessment which Auckland Council uses to assess KPIs, with the following statuses applied:

- Achieved – result has met or exceeded target
- Satisfactory – result is within 2% of target
- Progressing – Target not achieved, but improvement over last year
- Improvement needed – Target not achieved, no improvement over last year
- No result – unable to be measured

It should be noted that this differs from the 4-tier assessment used in 2011-12 where the following statuses applied:

- Achieved – result has met or exceeded target
- Substantially achieved – result is within 5% of target
- Partially achieved – one or more components of the target have been met, but not all
- Not achieved – the result has not met the target

ATEED's performance against the KPIs is set out in the table below, along with commentary regarding the results, measurement methods, and previous year's performance as appropriate. In summary, of the 25 KPIs:

- 15 have been achieved
- 3 were satisfactory
- 1 was progressing
- 4 were improvement needed
- 2 have no result

The management and directors of ATEED consider that the year's performance has been highly successful, with most KPIs achieved in full or in part, and a number of these have well exceeded the targets that had been set. ATEED will continue to refine its KPIs to ensure that these reflect the step-change required to achieve the outcomes of the Auckland Plan and Economic Development Strategy, and to help deliver on the vision for Auckland to be the world's most liveable city.

No.	How we will demonstrate success in achieving our aims	We will measure our progress against these targets at these times	2013 Result	2012 Result	Status	Comment
Aim 1: Auckland's brand is unifying and inspiring for residents, businesses and visitors						
Links to Thriving economy, Lifestyle choices, Internationally competitive						
1.1	Awareness of Auckland regional logo among Aucklanders – when prompted[1]	30 June 2013: 40% 30 June 2014: 70% 30 June 2015: 80%	47%	34%	Achieved	Measured via the Auckland Council Annual Residents Omnibus survey with a sample size of 3981 for this question and a margin of error of +/-1.6%. This result of 47% shows a significant improvement on the 2011/12 result of 34%.
1.2	Domestic and international campaigns	Campaigns achieve an average 100% of their campaign targets	Multiple results across 4 significant campaigns	Multiple results across 6 significant campaigns	Achieved	Campaigns assessed were the Domestic Tourism Campaign and joint venture activity with Tourism New Zealand, Flightcentre and Jetstar. The Domestic Tourism campaign was evaluated using quantitative pre- and post-campaign research, alongside web metrics. The campaign research showed a 35% increase in appeal of Auckland as a visitor destination, while domestic website visits increased by 13% compared to the same period in 2011. The three joint venture campaigns were evaluated using booking data. The Jetstar/TNZ JV led to a 145% increase in hotel bookings and a 174% increase in room nights, while the TNZ/Tour the North Island campaign also saw some positive results compared to the same period in 2011. The Flightcentre JV attracted 15,023 Australian visitors against a revised target of 12,500.
1.3	Percentage of those (Aucklanders) who agree events make Auckland a great place to live (engender pride and sense of place)	30 June 2013: 80% 30 June 2014: 80% 30 June 2015: 80%	80%	78%	Achieved	Measured via the Auckland Council Annual Residents Omnibus survey, with a sample size of 4,193 and a margin of error of +/-1.5%. 48% of respondents strongly agreed that events make Auckland a great place to live, 32% agreed. This is an improvement on the 2011/12 result of 78%.
Aim 2: Auckland's visitor economy supports amenities that Aucklanders enjoy						
Links to Thriving economy, Lifestyle choices						
2.1	Total visitor nights (international and domestic) in Auckland (captured by MoBIE Regional Tourism Statistics) **(LTP measure)**	30 June 2013: 24.4m 30 June 2014: 25.2m 30 June 2015: 26.6m	26.7m	n/a	Achieved	This result is for the 2012 calendar year, and has been modelled based on data available from the Commercial Accommodation Monitor, prepared by the Ministry of Business, Innovation and Employment, and the Regional Tourism Estimates 2006-2011.

[1] Targets for this measure have been based on the existing regional brand as at 1 July 2012. If a new regional brand is developed, targets will be reassessed.

2.2	Total visitor expenditure (international and domestic) in Auckland (as captured via MED Regional Tourism Statistics) **(LTP measure)**	30 June 2013: $3,479m 30 June 2014: $3,628m 30 June 2015: $3,898m	$3,447m	n/a	Satisfactory	This result is for the 2012 calendar year, and has been modelled based on data available from the Regional Tourism Indicators , prepared by the Ministry of Business, Innovation and Employment, and the Regional Tourism Estimates 2006-2011
2.4	Return on Regional Investment (RORI) from major events attracted **(LTP measure)**	30 June 2013: $30m 30 June 2014: $40m 30 June 2015: $47m	$39.1m	$28.9m	Achieved	Based on analysis undertaken by Covec of ATEED's 2012-13 Major Event portfolio. This figure covers 30 events, including ITM400 Auckland V8 Supercars, the Auckland Marathon, Pasifika, Auckland Lantern Festival and Mary Poppins. *(Blues, Breakers and Warriors results still to come)*
2.5	Visitor nights generated by major events	30 June 2013: 95,000 30 June 2014: 120,000 30 June 2015: 150,000	290,000	224,000	Achieved	As per comment above. *(Blues, Breakers and Warriors results still to come)*
2.6	Number of visitors to Auckland **(LTP measure)**	30 June 2013: 13.0m 30 June 2014: 13.3m 30 June 2015: 13.7m	13.7m	n/a	Achieved	This result is for the 2012 calendar year, and has been modelled based on data available from the International Travel and Migration figures, prepared by Statistics NZ, and the Regional Tourism Estimates 2006-2011, prepared by the Ministry of Business, Innovation and Employment.
Aim 3: Auckland is nationally and internationally recognised as having exceptional visitor and event experiences						
Links to Thriving economy, Lifestyle choices, Internationally competitive						
3.1	Overall visitor satisfaction (all visitors) with the experience in Auckland (as measured through the Visitor Insights Programme)	30 June 2013: 7.9 30 June 2014: 8.0 30 June 2015: 8.1	7.7	7.8	Improvement needed	Based on 1229 interviews with visitors to Auckland over the period April 2012 to March 2013 . Respondents were asked to provide a rating on a scale of 1 (not at all satisfied) to 10 (extremely satisfied).
3.2	Percentage of customers satisfied with visitor information centres and services overall **(LTP Measure)**	30 June 2013: 95% 30 June 2014: 95% 30 June 2015: 95%	94%	90%	Satisfactory	Based on 323 surveys undertaken across the i-SITE network
3.3	Estimated number of attendees at major events **(LTP measure)**	30 June 2013: 1.38m 30 June 2014: 1.45m 30 June 2015: 1.52m	1.05m	1.09m	Improvement needed	Based on analysis undertaken by Covec of ATEED's 2012-13 Major Event portfolio. This figure covers 30 events, including ITM400 Auckland V8 Supercars, the Auckland Marathon, Pasifika, Auckland Lantern Festival and Mary Poppins. *(Blues, Breakers and Warriors results still to come)* The method used to derive attendance at the 2012/13 portfolio of events does not align exactly with the method used to derive the targets. At the time the targets were set, accurate information on attendance figures was not available, and in some cases led to an over-estimate of event attendees. The 2012/13 method uses a more scientific approach to measure attendance numbers and is therefore more accurate. ATEED will review attendance numbers as part of an assessment of the Major Event Strategy achievements in 2013/14.

3.4	Percentage of attendees satisfied with major events overall. **(LTP Measure)**	30 June 2013: 85% 30 June 2014: 85% 30 June 2015: 85%	87%	83%	Achieved	Based on an average of surveying undertaken at Pasifika, Lantern Festival and Diwali. Total sample size was 981 and the results have a margin of error of +/-3%
3.5	Regular events with high levels of international media exposure into key markets	30 June 2013: 1 30 June 2014: 1 30 June 2015: 2	6	1	Achieved	Events with high international media exposure into key markets are ITU World Triathlon Grand Final, Fast 5 Netball, ASB Classic/Heineken Open, Ironman 70.3, ITU World Series and ITM400 Auckland V8 Supercars.
3.6	Number of Tier A[2] major international events attracted or facilitated **(LTP measure)**	30 June 2013: 5 30 June 2014: 5 30 June 2015: 5	9	n/a	Achieved	Tier A events facilitated are World Roller Figure Skating Championships, ITU World Triathlon Grand Final, Auckland Marathon, Fast 5 Netball, ASB Classic/Heineken Open, Ironman 70.3, ISF Mens World Softball Champs, ITU World Series, ITM400 Auckland V8 Supercars.
Aim 4: Auckland is recognized as the innovative and entrepreneurial capital of the Asia-Pacific rim						
Links to Thriving economy, Growth engine, Internationally competitive						
4.1	Number of business capability assessments undertaken through local offices.	30 June 2013: 405 30 June 2013: 405 30 June 2014: 405	1,026	713	Achieved	Note that the targets for this measure have been revised, after discussions with NZTE. The revised targets were agreed with Auckland Council, and formalised through a change to ATEED's 2011-14 Statement of Intent.
4.2	Number of mentor matches made through local offices	30 June 2013: 1,150 30 June 2014: 1,150 30 June 2015: 1,150	971	1,029	Improvement needed	The mentors are attracted through combined marketing by ATEED and NZ mentors. They are then matched with the business. This process can take time given the importance of finding the right fit between the mentor and business.
4.3	Total value of grants made under the TechNZ programme	Targets to be developed based on current conversations with MoBIE	$3.601m	$2.776m	Achieved	Note that the targets for this measure have been revised, after discussions with NZTE. In 2011-12 grants worth $2.776m were distributed
4.4	Percentage of stakeholders satisfied with provision of business advice, start-up, training and mentoring programmes **(LTP Measure)**	30 June 2013: 85% 30 June 2014: 85% 30 June 2015: 85%	95%	87%	Achieved	Based on 158 surveys undertaken by New Zealand Trade and Enterprise to the question: Overall, how would you rate your satisfaction with your Regional Business Partner? The survey result of 95% is for 5 quarters from April 2012 to June 2013. This represents an increase on satisfaction levels seen during 2011/12 although a different survey approach was taken then.
4.5	GDP Global Investment Promotion Agency (IPA) benchmarking **(LTP Measure)**	30 June 2013: n/a 30 June 2014: 65% 30 June 2015: n/a	N/A	55%	No result	Biannual measure
4.6	Facilitation of the establishment, or significant expansion of multinational companies in target sectors (cumulative)	30 June 2013: 1 30 June 2014: 2 30 June 2015: 3	2	n/a	Achieved	The establishment of two multinationals was facilitated during 2012/13. New facilities have been established in Auckland by Youi (Australia) and EIMS (United Kingdom).

[2] Tier A events are defined in the Major Events Strategy as being "Recognised international event; or 2000+ international nights; or strong export focus high international media coverage

4.7	Start-up companies through Wynyard Innovation Precinct Incubator (cumulative)	30 June 2013: 0 30 June 2014: 10 30 June 2015: 20	0	n/a	No result	Target is 0 for this financial year. Precinct operations planned to commence September 2013.
4.8	Deliver an Innovation Plan for Auckland that is endorsed by Auckland Council	By December 2012	Not completed	n/a	Improvement needed	Following the ATEED restructure the preparation of the innovation plan was delayed and is now underway and should be completed in first quarter of this year.
Aim 5: Auckland is a global centre of excellence for high potential economic sectors						
Links to Thriving economy, Growth engine, Internationally competitive						
5.1	Achievement of financial KPIs as specified in New Zealand Food Innovation Auckland Ltds SOI	30 June 2013: 100% 30 June 2014: 100% 30 June 2015: 100%	Partially achieved	n/a	Progressing	At year end the business is in a stable position, with a memorandum of understanding in place for Callaghan Innovation to acquire two-thirds of the ownership and committing to substantial supportive funding and resources for the coming years. Specific financial KPIs align with the key metrics in the Profit & Loss and Balance Sheet. NZFIA grew its operational revenue by 3.3 times compared to the result of the previous year, but did not meet the ambitious SOI FY13 target revenue (10.2 times what was achieved in FY12). NZFIA's Net Profit, inclusive of subsidies from ATEED and Government was better than forecast. Net loss from operations (excluding subsidy) was $2.311m against a SOI forecast of $1.985m. Net current assets (working capital) at year end, was better than SOI forecast.
5.2	Total GDP in targeted sectors compared with total Auckland GDP (sectors include marine, transport and logistics, IT, food and beverage, film, bioscience, creative/digital, export education) **(LTP Measure)**	30 June 2013: improve 30 June 2014: improve 30 June 2015: improve	No change	n/a	Satisfactory	Sector growth results are derived from annual economic modelling for Auckland undertaken by Infometrics. For the year to March 2012, GDP in targeted sectors was $17.046bn (30.7% of the Auckland total) compared to $16,569b (30.8% of the Auckland total) for the year to March 2011. These figures differ from the results reported last year, due to updating the sector definitions to use ANZSIC 2006 codes
6.1	Percentage of CCO monitoring and accountability requirements that meet target[3]	30 June 2013: 100% 30 June 2014: 100% 30 June 2015: 100%	100%	n/a	Achieved	SOI and quarterly reports delivered to required timeframes.

[3] Accountability requirements are as set out in Auckland Council's CCO Accountability Policy

ATTACHMENT C: DRAFT REPORT FROM AUDIT NEW ZEALAND

Independent Auditor's Report

To the readers of Auckland Tourism, Events and Economic Development Limited and group's financial statements and statement of service performance for the year ended 30 June 2013

The Auditor-General is the auditor of Auckland Tourism, Events and Economic Development Limited (the company) and group. The Auditor-General has appointed me, John Scott, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and statement of service performance of the company and group on her behalf.

We have audited:

- the financial statements of the company and group on pages […] to […], that comprise the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of service performance of the company and group on pages […] to […].

Opinion

Financial statements and statement of service performance

In our opinion:

- the financial statements of the company and group on pages […] to […]:
  - comply with generally accepted accounting practice in New Zealand;

- give a true and fair view of the company and group's:
  - financial position as at 30 June 2013; and
  - financial performance and cash flows for the year ended on that date; and

- the statement of service performance of the company and group on pages [...] to [...]:
  - 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 and group as far as appears from an examination of those records.

Our audit was completed on 13 August 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 statement of service performance 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 statement of service performance. 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 statement of service performance. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and statement of service performance whether due to fraud or error. In making those risk assessments; we consider internal control relevant to the preparation of the company and group's financial statements and statement of service performance 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 and group'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 statement of service performance; and
- the overall presentation of the financial statements and statement of service performance.

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

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 a statement of service performance that:

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

The Board of Directors is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements and a statement of service performance 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 statement of service performance, 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 statement of service performance 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 and the audit of the review engagement, we have no relationship with or interests in the company.

John Scott
Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand

ATTACHMENT D: DRAFT LETTER OF REPRESENTATION FROM ATEED BOARD TO AUDIT NEW ZEALAND

Auckland Tourism, Events and Economic Development
An Auckland Council Organisation

13 August 2013

John Scott
Director
Audit New Zealand
PO Box 1165
Auckland 1140

Dear John

Letter of representation for the year ended 30 June 2013

This representation letter is provided in connection with your audit, carried out on behalf of the Auditor-General, of the financial statements for the year ended 30 June 2013 of:

- Auckland Tourism, Events and Economic Development Limited (the company); and
- the group, comprising the company and its subsidiaries.

The purpose of the audit is to express an independent opinion about whether the financial statements comply with generally accepted accounting practice and give a true and fair view of the financial position of the company and group as at 30 June 2013 and of the results of their operations and cash flows for the year ended on that date.

We understand that your audit was carried out in accordance with the Auditing Standards issued by the Auditor-General, which incorporate the International Standards on Auditing (New Zealand). We also understand that your examination was (to the extent that you deemed appropriate) for the objectives of:

- providing an independent opinion on the company and group's financial statements; and
- reporting on other matters relevant to the company and group's financial and other management systems that come to your attention and are material (for example, compliance with statutory obligations or probity).

General responsibilities

We acknowledge the following responsibilities, and to the best of our knowledge and belief:

- the resources, activities, and entities under our control have been operating effectively and efficiently;
- we have complied with our statutory obligations including laws, regulations and contractual requirements;
- we have carried out our decisions and actions with due regard to minimising waste;

- we have met Parliament’s and the public’s expectations of appropriate standards of behaviour in the public sector (that is, we have carried out our decisions and actions with due regard to probity); and

- any decisions or actions have been taken with due regard to financial prudence.

We also acknowledge that we have responsibility for designing, implementing, and maintaining internal control (to the extent that is reasonably practical given the size of the company and group) to prevent and detect fraud.

Responsibilities for the financial statements

We confirm that all transactions have been recorded in the accounting records and are reflected in the financial statements, and that, to the best of our knowledge and belief, having made such enquiries as we considered necessary for the purpose of appropriately informing ourselves:

- we have fulfilled our responsibilities for preparing and presenting the financial statements as required by:

    - Local Government Act 2002;

    - Financial Reporting Act 1993; and

    - Companies Act 1993

    and, in particular, that the financial statements:

    - comply with generally accepted accounting practice; and

    - give a true and fair view of the financial position of the company and group as at 30 June 2013 and of the results of its operations and its cash flows for the year then ended;

- we believe the significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable;

- we have appropriately accounted for and disclosed related party relationships and transactions in the financial statements;

- all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and have been accounted for and disclosed in accordance with generally accepted accounting practice;

- we have adjusted or disclosed all events subsequent to the date of the financial statements that require adjustment or disclosure;

- we believe that the effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached as Appendix 1 to this representation letter; and

- we believe the effects of uncorrected disclosure deficiencies, including both omitted and incomplete disclosures, are quantitatively and qualitatively immaterial, both individually and in aggregate, to the financial statements as a whole.

Responsibilities to provide information

We confirm that, to the best of our knowledge and belief, having made such enquiries as we considered necessary for the purpose of appropriately informing ourselves:

- we have provided you with:
  - all information, such as records and documentation, and other matters that are relevant to preparing and presenting the financial statements; and
  - unrestricted access to persons within the company and group from whom you determined it necessary to obtain audit evidence;
- we have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- we have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the company and group and involves:
  - management;
  - employees who have significant roles in internal control; or
  - others where the fraud could have a material effect on the financial statements;
- we have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the company and group's financial statements communicated by employees, former employees, analysts, regulators, or others;
- we have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements); and
- we have disclosed to you the identity of the related parties, all of their relationships, and all of their transactions of which we are aware.
- we confirm that a payment of $500,000 under the NZFIA funding agreement originally scheduled for the 2014 year, was made and expensed during the 2013 year.

Going concern

We confirm that, to the best of our knowledge and belief, the company and group have adequate resources to continue operations at their current level for the foreseeable future. For this reason, the Board of Directors continues to adopt the going concern assumption in preparing the financial statements for the year ended 30 June 2013. We have reached this conclusion after making enquiries and having regard to circumstances that we consider likely to affect the company and group during the period of one year from 13 August 2013, and to circumstances that we know will occur after that date which could affect the validity of the going concern assumption.

We consider that the financial statements adequately disclose the circumstances, and any uncertainties, surrounding the adoption of the going concern assumption by the company and group.

Throughout the year, the company and group have conformed with the requirements of its banking arrangements, debenture trust deeds, or negative pledge agreements, including those relating to its net tangible assets ratios.

Publication of the financial statements and related audit report on a website

The Board of Directors accepts that it is responsible for the electronic presentation of the audited financial statements.

The electronic version of the audited financial statements and the related audit report presented on the website are the same as the final signed version of the audited financial statements and audit report.

We have clearly differentiated between audited and unaudited information on the website and understand the risk of potential misrepresentation without appropriate controls.

We have assessed the security controls over audited financial information and the related audit report and are satisfied that procedures are adequate to ensure the integrity of the information provided.

Where the audit report on the full financial statements is provided on a website, the financial statements are also provided in full.

Sign-off on these representations

The representations in this letter are made at your request, and to supplement information obtained by you from the records of the company and group and to confirm information given to you orally.

Yours sincerely

David McConnell Chair	Norm Thomson Deputy Chair

Appendix 1: Uncorrected misstatements

Note	Statement of comprehensive income		Statement of financial position	
	Dr $000	Cr $000	Dr $000	Cr $000
1			1,329	1,329
2				
3				

Explanation for uncorrected misstatements

1 The error relates to the reclassification of prepayment to V8SE from current assets to non-current assets.

ATTACHMENT E: DRAFT LETTER OF REPRESENTATION FROM ATEED CE AND CFO TO THE BOARD

13 August 2013

The Directors
Auckland Tourism, Events and Economic Development Limited
PO Box 5561
Wellesley Street
Auckland 1141

Dear Directors

Letter of representation for the year ended 30 June 2013

This representation letter is provided in connection with our audit, carried out on behalf of the Auditor-General, of the financial statements for the year ended 30 June 2013 of:

- Auckland Tourism, Events and Economic Development Limited (the company); and
- the group, comprising the company and its subsidiaries.

The purpose of the audit is to express an independent opinion about whether the financial statements comply with generally accepted accounting practice and give a true and fair view of the financial position of the company and group as at 30 June 2013 and of the results of their operations and cash flows for the year ended on that date.

We understand that our audit was carried out in accordance with the Auditing Standards issued by the Auditor-General, which incorporate the International Standards on Auditing (New Zealand). We also understand that your examination was (to the extent that you deemed appropriate) for the objectives of:

- providing an independent opinion on the company and group's financial statements; and
- reporting on other matters relevant to the company and group's financial and other management systems that come to your attention and are material (for example, compliance with statutory obligations or probity).

General responsibilities

We acknowledge the following responsibilities, and to the best of our knowledge and belief:

- the resources, activities, and entities under our control have been operating effectively and efficiently;
- we have complied with our statutory obligations including laws, regulations and contractual requirements;
- we have carried out our decisions and actions with due regard to minimising waste;

- we have met Parliament's and the public's expectations of appropriate standards of behaviour in the public sector (that is, we have carried out our decisions and actions with due regard to probity); and

- any decisions or actions have been taken with due regard to financial prudence.

We also acknowledge that we have responsibility for designing, implementing, and maintaining internal control (to the extent that is reasonably practical given the size of the company and group) to prevent and detect fraud.

Responsibilities for the financial statements

We confirm that all transactions have been recorded in the accounting records and are reflected in the financial statements, and that, to the best of our knowledge and belief, having made such enquiries as we considered necessary for the purpose of appropriately informing ourselves:

- we have fulfilled our responsibilities for preparing and presenting the financial statements as required by:

    - Local Government Act 2002;

    - Financial Reporting Act 1993; and

    - Companies Act 1993

  and, in particular, that the financial statements:

    - comply with generally accepted accounting practice; and

    - give a true and fair view of the financial position of the company and group as at 30 June 2013 and of the results of its operations and its cash flows for the year then ended;

- we believe the significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable;

- we have appropriately accounted for and disclosed related party relationships and transactions in the financial statements;

- all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and have been accounted for and disclosed in accordance with generally accepted accounting practice;

- we have adjusted or disclosed all events subsequent to the date of the financial statements that require adjustment or disclosure;

- we believe that the effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached as Appendix 1 to this representation letter; and

- we believe the effects of uncorrected disclosure deficiencies, including both omitted and incomplete disclosures, are quantitatively and qualitatively immaterial, both individually and in aggregate, to the financial statements as a whole.

Responsibilities to provide information

We confirm that, to the best of our knowledge and belief, having made such enquiries as we considered necessary for the purpose of appropriately informing ourselves:

- we have provided you with:
  - all information, such as records and documentation, and other matters that are relevant to preparing and presenting the financial statements; and
  - unrestricted access to persons within the company and group from whom you determined it necessary to obtain audit evidence;
- we have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- we have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the company and group and involves:
  - management;
  - employees who have significant roles in internal control; or
  - others where the fraud could have a material effect on the financial statements;
- we have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the company and group's financial statements communicated by employees, former employees, analysts, regulators, or others;
- we have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements); and
- we have disclosed to you the identity of the related parties, all of their relationships, and all of their transactions of which we are aware.
- we confirm that a payment of $500,000 under the NZFIA funding agreement originally scheduled for the 2014 year, was made and expensed during the 2013 year.

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We consider that the financial statements adequately disclose the circumstances, and any uncertainties, surrounding the adoption of the going concern assumption by the company and group.

Throughout the year, the company and group have conformed with the requirements of its banking arrangements, debenture trust deeds, or negative pledge agreements, including those relating to its net tangible assets ratios.

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We have clearly differentiated between audited and unaudited information on the website and understand the risk of potential misrepresentation without appropriate controls.

We have assessed the security controls over audited financial information and the related audit report and are satisfied that procedures are adequate to ensure the integrity of the information provided.

Where the audit report on the full financial statements is provided on a website, the financial statements are also provided in full.

Sign-off on these representations

The representations in this letter are made at your request, and to supplement information obtained by you from the records of the company and group and to confirm information given to you orally.

Yours sincerely

Brett O'Riley Chief Executive	Sarah Hamilton Chief Financial Officer

Appendix 1: Uncorrected misstatements

Note	Statement of comprehensive income		Statement of financial position	
	Dr $000	Cr $000	Dr $000	Cr $000
1			1,329	1,329
2				
3				

Explanation for uncorrected misstatements

1 The error relates to the reclassification of prepayment to V8SE from current assets to non-current assets.

ATTACHMENT F: LETTER FROM AUCKLAND COUNCIL CONFIRMING FUTURE FUNDING

Auckland Council
Te Kaunihera o Tāmaki Makaurau

30 June 2013

David McConnell
Chair
Auckland Tourism, Events and Economic Development Ltd
Private Bag 92330
Auckland 1142

Dear David

Auckland Council / Auckland Tourism, Events and Economic Development Ltd Letter of Comfort in respect of the financial year ended 30 June 2013

The purpose of this letter is to give you as the Chair, and the Board of Auckland Tourism, Events and Economic Development Ltd, our assurance that Auckland Council will continue to provide appropriate financial and non-financial support to ensure Auckland Tourism, Events and Economic Development Ltd remains a going concern within agreed operating parameters (as reflected in the Auckland Tourism, Events and Economic Development Ltd Statement of Intent). The support to be provided to Auckland Tourism, Events and Economic Development Ltd shall include:

- sufficient funding to support the necessary budgeted operating activities in a timely manner (and all obligations and liabilities incidental to such activities); and
- sufficient funding to support budgeted capital projects.

The funds shall be provided in a timely manner as and when required by Auckland Tourism, Events and Economic Development Ltd, having regard to Auckland Tourism, Events and Economic Development Ltd 's cash flows and expenditure requirements.

Additionally, Auckland Council hereby undertakes not to call up any loan or current account existing as at the date of this letter before 31 October 2014.

The support described above:

- Is supplemental to the support described in the 2014 Funding Memo from Auckland Council to Auckland Tourism, Events and Economic Development Ltd, and is otherwise subject to the general conditions of the Funding Letter; and

- Is confirmed for all the above-mentioned obligations entered into at balance date and budgeted expenditure and incidental obligations and liabilities arising during the 2013/2014 financial year (ie, ending 30 June 2014). Any support for obligations after 30 June 2014 shall be subject to further agreement.

Yours sincerely

A.J. McKenzie

Andrew McKenzie
Chief Finance Officer

cc. John Scott
Sarah Hamilton