

Annual Report

RotoruaNZ Limited

For the year ended 30 June 2022

Contents

3	Who we are
4	Mihi from the Board Chair and Chief Executive
5	Our Focus
6	Our Successes & Achievements
7	Statement of Responsibility
8	Entity Information
10	Statement of Service Performance
14	Statement of Comprehensive Revenue and Expense
15	Statement of Financial Position
16	Statement of Changes in Equity
17	Statement of Cash Flows
18	Notes to the Financial Statements
33	Independent Auditor's Report

Who we are

RotoruaNZ Limited

For the year ended 30 June 2022

RotoruaNZ is a values-led organisation committed to developing and promoting Rotorua as a destination of choice to work, study, visit, invest and live in. We connect people, land, capital and ideas.

Our work directly supports the development of the Rotorua economy, unlocking opportunities for commercial investment and providing employment, wealth and wellbeing for all of our people. RotoruaNZ works in partnership with iwi, the private sector, local government, community organisations and central government to support their growth aspirations and enhance the identity and reputation of Rotorua.

We operate as a neutral entity and a trusted advisor, balancing the needs of each group of stakeholders for the benefit of the destination.

RotoruaNZ is a Council Controlled Organisation (CCO), 100% owned by Rotorua Lakes Council (RLC). RotoruaNZ is the Economic Development Agency (EDA) and Regional Tourism Organisation (RTO) for the Rotorua district. RotoruaNZ also operates as the Convention Bureau for Rotorua.

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

Mr John McRae (Chair) – appointed 14 April 2020

Mr Chris Auld (Director) – appointed 27 July 2016

Mr Tim Cossar (Director) – appointed 9 June 2020

Mr Desterney Mana Newton (Director) – appointed 14 April 2020

Mr Aaron Donnelly (Director) – appointed 01 July 2020

Mr David Tapsell (Director) – appointed 01 May 2021

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

Mihi from the Board Chair and Chief Executive

RotoruaNZ Limited

For the year ended 30 June 2022

Kia ora,

We are pleased to present this summary of the 2021 - 22 financial year. Our purpose at RED is to unlock the potential of Rotorua and we do this by partnering with the Rotorua Lakes Council and our key stakeholders.

RotoruaNZ's financial year was once again marked by COVID-19 alert level changes, which combined with restrictions and lockdowns adversely affected visitation numbers for Rotorua. As a result trading revenue took a significant hit at \$331k below budget. The organisation implemented a range of initiatives to cut expenditure and reduced the overall loss to \$265k. It's important to note that this was in the context of additional unfunded responsibilities.

Despite the challenges there is much to be proud of including a number of firsts for Rotorua which we've helped to deliver. We partnered with Nourish Magazine to deliver the inaugural Matariki Dish challenge for Rotorua, and we also partnered with the Chamber of Commerce to launch Rotorua's first business pulse survey. We delivered a vaccination campaign that helped to shift Rotorua out of the red traffic light in time for summer, receiving widespread recognition by central government for increasing the vaccination rate amongst Māori communities.

We're working in partnership with Scion and Te Uru Rākau to investigate the potential for a circular bioeconomy in Rotorua, and Central North Island Holdings Ltd to explore investment and development opportunities in the Whakarewarewa forest.

We extended our role so that we can deliver transformational place-making projects. This new role acknowledges that new approaches are required by Council to support the private sector to deliver large-scale projects that support inner city living and drive positive transformation in the CBD.

Our commitment to sustainability is important and we're really proud to report that we are now a carbon zero certified organisation. We've been measuring our emissions over the past two years so that we have a baseline for making improvements, and to also be in a position to provide leadership for both the visitor economy and wider business community.

Our inaugural business pulse survey coupled with our customer satisfaction survey has provided us with valuable insights around what we are doing well, what we could be doing better, and what the aspirations and challenges are for our business community. We are

As we head into the next financial year we look forward to strengthening our relationships and supporting our stakeholders to realise their potential as we all continue our work toward unlocking the potential that exists in Rotorua.



John McRae

Board Chair



Andrew Wilson

Chief Executive

Our Focus

RotoruaNZ Limited

For the year ended 30 June 2022

As the combined EDA and RTO for the Rotorua district, our work focuses on the economic development of the district, encompassing business and investment attraction, business growth, talent attraction and skills development, as well as the sustainable growth of the visitor economy.

The work we do helps to:

- TPP
- ensure our destination is values led and there is strong alignment between tourism businesses, the visitor experience, and the contribution the visitor makes back to the community
- lift economic performance across the Rotorua district, with a particular focus on tourism, forestry and wood processing, natural hot springs and wellness, film/TV/creative technology, alternative land use opportunities, and Te Arawa investments
- support RLC's partnership with Te Arawa by investigating opportunities for development
- attract, retain and grow investment, talent and business across the district
- ensure the impact of change achieves a balance between social, environmental, economic and wellness benefits for the people of Rotorua

Our Successes & Achievements

RotoruaNZ Limited

For the year ended 30 June 2022

Destination development and tourism transformation: Making Rotorua a destination of choice

- Alongside Te Arawa we have begun the implementation of our Destination Management Plan which has been described by a New Zealand Herald writer as: “One of the most inspiring and potentially transformative things I've read recently about sustainable travel”. In her words: “Rotorua's plan isn't just refreshing. It's radical, prioritising mauri over market forces and rebalancing the relationship between visitors and their hosts.”
- We began the roll out of our new destination brand in April 2022, in partnership with Rotorua Lakes Council. It is a wonderful reflection of who we are as a destination, and a powerful asset for communicating with our international and domestic visitors and local community.
- We launched the inaugural Business Confidence Survey to better understand the needs of our wider business community
- We made important information more accessible for our business community. Our online accommodation demand dashboard helps many local businesses make important decisions about staffing, stock orders and even opening hours. It is a simple, interactive dashboard that enables businesses to access data for themselves at any time.
- We launched the inaugural Matariki Dish Challenge for Rotorua in partnership with Nourish Magazine and alongside Chef Pete Peeti.

Investment and Development

- We continue to supporting the establishment of Te Mānuka, an innovative digital hub created in partnership with Te Arawa, Datacom and Toi Ohomai that will create employment opportunities for locals.
- We continue to unlock commercial opportunities in the Titokorangi Forest and Whakarewarewa forests, and at the lakefront, alongside landowners, developers and business owners to realise the commercial opportunities and potential that exists at each site.
- We supported that Waiariki Film Studios on due diligence and feasibility for movie studio improvements to current site and others, in order to future proof for further opportunities.
- We supported the establishment of roading solutions that unlocks further commercial and industrial land.
- We continue to work with Scion and Te Uru Rākau to progress mutually beneficial projects, including the opportunity to establish bio scale up facilities in the Rotorua region so that we can work together to create global solutions to support the bio-economy and decarbonisation.
- We've supported iwi and lands trusts to investigate opportunities for development on their whenua, including master planning and support to access central government funding to support aspirations.
- We supported Covid-19 vaccination efforts in our community by creating a campaign by rangatahi for rangatahi resulting in a phenomenal shift in the number of people vaccinated in helping to move us out of the red traffic light in time for Summer.

Visitor Services and Experience: The home of manaakitanga

- Rotorua Education Network (REN) has developed a unique virtual online learning tool that meets the NZ curriculum standards so that schools can experience our city from a distance at the same time gain the required credits for their achievement standard.
- Through the iSite we continue to support a diverse range of sporting codes to tailor their itineraries during their stay in Rotorua. The number of sports teams who are channelling through our iSite had increased significantly over the past 12 months.
- We are working closely with tourism operators such as Mitai to re-emerge into the market by using the expertise and resources with the iSite.
- We continue to grow the retirement and disability markets in conjunction with the Skillet programme which is primarily focussed on navigating operators activities and accommodation to meet the needs of these visitors in Rotorua.
- We've enhanced our communications with educational providers to deliver more value so that teachers can also benefit from our intel and create their personal itineraries.
- We continue to see the success of our internship programme with Toi Ohomai students with many continuing to gain employment in the tourism industry, and adding value to iSite operations.
- REN supported the NZ Social Sciences Conference in the form of sponsorship which provided an opportunity to share with the participants the work REN does in the educational space which resulted in a significant number of enquiries from other regions around how they can replicate what we do for schools.

Statement of Responsibility

RotoruaNZ Limited

For the year ended 30 June 2022

The Directors of Rotorua Economic Development Limited accept responsibility for:

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

In the Directors opinion:

- The financial statements fairly reflect the financial position of the Company as at 30 June 2022 and its operations for the year ended on that date.



Chairperson

Date ...22.March.2023

Entity Information

RotoruaNZ Limited **For the year ended 30 June 2022**

Date of Incorporation

11 April 2012

Company Number

3776876

IRD Number

108-936-868

Nature of Business

Rotorua Economic Development Limited (RED) is the Economic Development Agency and Regional Tourism Organisation for the Rotorua district. The organisation works as a key partner in the delivery of the economic development components of Rotorua Lakes Council's Vision 2030. RED's purpose is to improve the Rotorua economy and its ability to create employment, wealth and wellbeing for all Rotorua people.

Business Location

1167 Fenton Street, Rotorua 3010

Registered Office

1061 Haupapa Street, Rotorua, 3010

Directors

John McRae – Chair (Appointed 14th April 2020)

Christopher Auld

Desterney Newton

Tim Cossar

Aaron Donelley

David Tapsell

Keri-Anne Tane

Auditor

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

Entity Information

Banker

BNZ Bank, Rotorua

Shareholder

Rotorua Lakes Council	100% Shareholder	100 Ordinary Shares
-----------------------	------------------	---------------------

Statement of Service Performance

RotoruaNZ Limited

For the year ended 30 June 2022

Measures		YE Result	YE Target	YE Actual	Result	Comments
		June 2021	June 2022	June 2022		
BUSINESS DEVELOPMENT						
1.	The number of Te Arawa economic development projects directly supported by Rotorua Economic Development Ltd.	N/A (New Measure)	>= 3	3	Achieved	Three Te Arawa economic development projects were supported: ☑ CNI commercial opportunities in the forest - RotoruaNZ co-ordinated the process for selecting a preferred food and beverage partner and provided due diligence on forest activities that could be established ☑ Te Manuka Partnership - RotoruaNZ partnered with Te Tatau o Te Arawa, Toi Ohomai and Datacom to create employment and training opportunities in high value technology jobs within the region ☑ RotoruaNZ supported lands trusts to investigate development opportunities and seek funding from partners including Central Government to progress opportunities
2.	Level of satisfaction of businesses going through the ACCELERATE programme.	N/A	>= 80%	92%	Achieved	Cohort 10 of the Accelerate program concluded in September 2021 with 10 participants from seven local businesses being supported through the program.
ATTRACT INVESTMENT AND DELIVER TRANSFORMATIONAL PLACEMAKING PROJECTS						
3.	Relevant destination data and insights developed to support investment decision making by businesses in target sectors. Subject matter will be delivered during the year based on relevance and need.	19	>= 6	7	Achieved	Seven data and insights projects were completed ☑ Commercial accommodation sector overview on rotoruaNZ.com ☑ Insights dashboard: forward looking accommodation on rotoruaNZ.com

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

						<ul style="list-style-type: none"> ☑ Clear as mud – industry blog (visitor perceptions research, commercial accommodation) on rotoruaNZ.com ☑ Forward looking events data – In Rotorua app launched and direct RLC events feed on insights dashboard ☑ Food and beverage insights survey ☑ Inaugural Rotorua Business Pulse survey ☑ Inaugural Rotorua Customer Satisfaction survey
4.	The number of new developments (residential, industrial and commercial) supported or led by Rotorua Economic Development that are initiated.	N/A (New Measure)	>= 3	3	Achieved	<p>Three new developments were facilitated:</p> <ul style="list-style-type: none"> ☑ RotoruaNZ facilitated a consortia of investors to commit towards implementation of a new commercial development. This will proceed pending securing agreements to lease with tenants and confirming construction costs ☑ RotoruaNZ facilitated an investment case and received commitment from landowners to implement a new economic development project for the destination. This is proceeding to final due diligence and implementation to confirm partnerships, investment and construction costs ☑ RotoruaNZ facilitated the initiation of a development to occur in the inner city
DEVELOP & PROMOTE THE DESTINATION						
5.	i-SITE to be financially sufficient.	-\$948,539	>= \$0	-\$827,153	Not Achieved	The two week national Delta lockdown in August 2021 and essential travel restrictions on Aucklanders which extended through to December had a significant negative impact on i-SITE income. Additionally, the restrictions resulting from the Omicron outbreak and the temporary closure of

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

						the Fenton St i-SITE further negatively impacted on income.
6.	<p>Business events - value of bids won in financial year based on MBIE data and DR lead sheet confirmed conferences</p> <p>* Events are typically won more than 12 months in advance of the event date. Some events won in the June 2020 year were to be held during 2020-21 and were cancelled due to COVID-19, additionally as business events occur the tentative room nights held are adjusted to reflect actual room nights and therefore the value published herewith and in the Statement of Intent will not reconcile to the latest value in RED business records for the June 2021 year.</p>	\$3.2m*	>= \$6.1m	\$2.760m	Not Achieved	The Delta outbreak created a high level of uncertainty for events and although the event gathering size restrictions eased following the Omicron peak, the uncertainty of restrictions possibly being reintroduced in the future continued to dampen demand in booking business events
7.	<p>Domestic visitor card expenditure for Rotorua (based on MBIE TECT data set)</p> <p>*MBIE estimates are subject to revision and therefore the value published herewith and in the Statement of Intent will not reconcile to the latest value published by MBIE for the June 2021 year.</p>	\$322m*	>= \$330m	\$271m	Not Achieved	The two week national Delta lockdown in August 2021 and essential travel restrictions on Aucklanders which extended through to December had a significant negative impact on visitor spending. Additionally, the restrictions resulting from the Omicron outbreak commencing January 2022 further negatively impacted visitor spending.
8.	<p>Stakeholder satisfaction (Survey of the local visitor economy; attraction,</p>	#N/A (New Measure)	>= 75%	63%	Not Achieved	Question in the new RotoruaNZ customer satisfaction survey, asking Rotorua businesses to rate

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

	hospitality, food & beverage).					their satisfaction that RotoruaNZ supports 'Rotorua as a whole', 'their industry' and 'their own businesses. The figure is calculated as an average of these three selections using % satisfied plus % very satisfied (Tourism, Accommodation and Hospitality & Food Services businesses only).
9.	Domestic consumer perception - % intend to visit (Delve loyalists + considerers) Rotorua from Auckland AND one target market is at least approximately the same or better than the June 2017/18 year	3 markets (incl AKL)	2 markets (incl AKL)	3 markets (incl AKL)	Achieved	Intention to visit targets were achieved in each key market. The results were similar to the previous year for the Auckland market (down slightly from 56% to 53%) and the Christchurch market (up slightly from 28% to 30%). Although 45% in the Wellington market is down on 51% of the previous year, it is the mid-point of Wellington survey results over the previous five years.
<i>% Auckland market "intend to visit" Rotorua AND</i>	56%	>= 50%	53%			
<i>% Wellington market "intend to visit" Rotorua OR</i>	51%	>= 40%	45%			
<i>% Christchurch market "intend to visit" Rotorua</i>	28%	>= 20%	30%			

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

Statement of Comprehensive Revenue and Expense

RotoruaNZ Limited
For the year ended 30 June 2022

	NOTES	2022	2021
Revenue			
Council Funding	2	4,390,000	4,420,000
Government Funding	2	1,017,669	851,560
Other Income	3	1,783,573	1,054,717
Interest Received	4	6,089	704
Total Revenue		7,197,331	6,326,982
Expenses			
Advertising, Marketing and Communications	5	2,111,507	1,500,232
Depreciation	12	98,854	76,259
Personnel Costs	6	2,831,456	2,892,991
Other Expenses	7	2,399,418	1,822,163
Total Expenses		7,441,236	6,291,645
Surplus/(Deficit) before tax		(243,904)	35,336
Surplus/(Deficit) after tax		(243,904)	35,336
Total other comprehensive revenue and expense		(243,904)	35,336

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

Statement of Financial Position

RotoruaNZ Limited As at 30 June 2022

	NOTES	30 JUN 2022	30 JUN 2021
Assets			
Current Assets			
Cash and Cash Equivalents	9	1,267,691	1,114,554
Trade and Other Receivables	10	284,163	137,441
Other Current Assets	11	149,857	118,612
Total Current Assets		1,701,711	1,370,607
Non-Current Assets			
Capital work in progress	13	-	58,150
Fixed Assets	12	298,962	55,453
Intangible Assets	14	41,321	98,522
Total Non-Current Assets		340,283	212,125
Total Assets		2,041,994	1,582,732
Liabilities			
Current Liabilities			
Payables and accrued expenses	15	1,603,865	840,664
Employee Entitlements	16	250,653	310,688
Total Current Liabilities		1,854,518	1,151,352
Total Liabilities		1,854,518	1,151,352
Net Assets		187,476	431,380
Equity			
Retained Earnings	17	(45,018)	198,887
Share Capital	17	232,493	232,493
Total Equity		187,476	431,380

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

Statement of Changes in Equity

RotoruaNZ Limited

For the year ended 30 June 2022

	NOTES	2022	2021
Equity			
Balance at 1 July		431,380	396,044
Surplus/(Deficit)	17	(243,904)	35,336
Balance at 30 June		187,476	431,380

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

Statement of Cash Flows

RotoruaNZ Limited

For the year ended 30 June 2022

	NOTES	2022	2021
Cashflows from operating activities			
Interest received		6,089	704
Receipts from grants and sponsorship		7,672,339	6,320,468
Realised currency gains		(191)	(544)
Payments to suppliers and employees		(7,146,234)	(6,075,097)
Directors remuneration paid		(106,250)	(98,031)
Goods and services tax (net)		(43,898)	15,211
Resident withholding tax paid to IRD		(1,705)	974
Net cashflows from operating activities		380,150	163,685
Cashflows from investing activities			
Purchase of property, plant and equipment		(227,012)	(69,275)
Receipts from sale of property, plant and equipment		-	22,609
Net cashflows from investing activities		(227,012)	(46,666)
Cashflows from financing activities			
Tax paid		-	-
Proceeds from shareholder		-	-
Net cashflows from financing activities		-	-
Net increase/(decrease) in bank accounts and cash		153,138	117,019
Cash and cash equivalents at the beginning of the year		1,114,554	997,535
Cash and cash equivalents at the end of the year	9	1,267,691	1,114,554

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

Notes to the Financial Statements

RotoruaNZ Limited For the year ended 30 June 2022

1. STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

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

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

The financial statements of the Company are for the year ended 30 June 2022. The unaudited financial statements were authorised for issue by the directors on 19 January 2023.

BASIS OF PREPARATION

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

Statement of compliance

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

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

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

These financial statements comply with PBE standards.

Due to Audit New Zealand capacity constraints the financial statements have not been audited as at 19 January 2023. Silks Audit have recently taken over the audit for the year ended 30 June 2022 and completed the audit on 22 March 2023. The directors believe that the figures present a fair view of the performance and position for the year ended 30 June 2022.

Measurement base

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

Functional and presentation currency

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

SIGNIFICANT ACCOUNTING POLICIES

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

Revenue

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

Council and Government Funding

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

Sale of goods

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

Sale of services

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

Interest

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

Income tax

Income tax expense includes components relating to both current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by balance date. Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses.

Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

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

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

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

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

Cash and cash equivalents

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

Trade debtors and other receivables

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

Inventories

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

Property, plant and equipment

Property plant and equipment consists of:

Operational assets

These assets include motor vehicles and various plant and equipment.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Company and the cost of the item can be measured reliably.

Disposal

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

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

Depreciation

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

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

Capital work in progress

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

Operational assets

Building Fit-out 8% - 20% DV

Plant and equipment 10% - 75% DV

Intangible assets

Software acquisition and development

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

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

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

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

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

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised.

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

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

Intangible assets

Computer software 40% SL

Trade creditors and other payables

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

Provisions

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

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

Employee entitlements

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

Lease

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

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

Goods & Services Tax

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

The net amount of GST recoverable from, or payable to, the Inland Revenue Department is included as part of receivables or payables in the statement of financial position. The net GST paid to, or received from the Inland Revenue Department, including GST relating to the investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Critical accounting estimates and assumptions

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

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

Other changes in accounting policies

There have been no changes in accounting policies.

	2022	2021
2. Council and Government Funding		
Rotorua Lakes Council	4,390,000	4,420,000
MBIE STAPP Funding	1,017,669	851,560
MSD Wage Subsidy Received	-	126,533
Total Council and Government Funding	5,407,669	5,398,093
	2022	2021
3. Other Income		
Commission received	212,588	347,074
Events & Roadshows	8,298	5,798
Promotion Income	-	120
Rotorua Tourism Investment Program Inc.	80,174	-
Sundry Income	114,401	146,247
Trading Revenue	287,769	428,945
Vax Vegas Funding	1,080,343	-
Total Other Income	1,783,573	928,184
	2022	2021
4. Interest Received		
Interest Received	6,089	704
Total Interest Received	6,089	704
	2022	2021
5. Advertising, Marketing and Communications		
Advertising, Marketing and Communications	2,111,507	1,500,232
Total Advertising, Marketing and Communications	2,111,507	1,500,232
	2022	2021
6. Personnel Costs		
Salaries & Wages	2,729,429	2,799,771
Defined contribution plan employer contributions	102,027	93,220
Total Personnel Costs	2,831,456	2,892,991

	2022	2021
Employees remuneration exceeding \$100,000:		
\$100,000 - \$109,999	5	2
\$110,000 - \$119,999	2	4
\$120,000 - \$129,999	-	-
\$130,000 - \$139,999	2	1
\$140,000 - \$149,999	-	-
\$150,000 - \$159,999	-	-
\$160,000 - \$169,999	-	-
\$230,000 - \$239,999	-	-
\$240,000 - \$249,000	1	1
Total Employees	10	8

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

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

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

Severance payments

For the year ended 30 June 2022 the Company made severance payments totalling \$Nil (2021:\$Nil).

	2022	2021
7. Other Expenses		
Accident Compensation Levy	5,106	3,011
Contractors and consultants	1,072,587	631,521
Cost of Goods Sold	143,380	190,740
Directors Fees	120,000	98,031
Fees to Audit NZ for financial statement audit	28,933	27,340
Fees to Audit NZ for audit disbursements	336	1,369
Lease	253,885	243,913
Other expenses	689,572	547,321
Travel and accommodation	29,419	15,745
Utilities	56,200	63,173
Total Other Expenses	2,399,418	1,822,163

	2022	2021
8. Income Tax		
Components of tax expense		
Current tax	-	-
Deferred tax expense	-	-
Tax expense	-	-
Relationship between income tax expense and accounting surplus		
Surplus/(Deficit) for the year	(243,904)	35,336
Tax at 28%	-	9,894
Plus/(less) tax effects of:		
Tax losses utilised	-	(9,894)
Total tax expense	-	-

A deferred tax asset has not been recognised in relation to temporary differences of \$20,150 (2021: \$5,397)

	2022	2021
9. Cash and Cash Equivalents		
Cash		
Cheque account	977,476	496,499
Tourism bank account	278,016	605,855
Cash on hand	12,200	12,200
Total cash and cash equivalents	1,267,691	1,114,554
Net cash and cash equivalents for the purposes of the statement of cash flows	1,267,691	1,114,554

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

	2022	2021
10. Receivables		
Receivables from Exchange Transactions		
Trade receivables (gross)	205,748	100,621
Net trade receivables	205,748	100,621
Total Receivables from Exchange Transactions	205,748	100,621
Receivables from non-exchange transactions		
GST receivable	34,646	-
Other receivables	43,769	36,820
Total Receivables from non-exchange transactions	78,415	36,820
Total receivables	284,163	137,441

	2022	2021
11. Other Current Assets		
Inventory	97,052	94,243
Prepayments	51,000	24,072
Resident withholding tax	1,705	197
Shareholder Current Account - RLC	100	100
Total Other Current Assets	149,857	118,612

There is no write down of inventory during the year. (2021: Nil)

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

12. Property, Plant and Equipment

	Equipment	Motor Vehicle	Total
Opening cost 1 July 2020	192,937	38,211	231,148
Accumulated depreciation opening	117,282	29,396	146,678
Opening carrying amount	75,655	8,815	84,470
Additions	11,125	-	11,125
Disposals (net of accumulated depreciation)	-	8,815	-
Depreciation expense	31,326	-	31,326
Closing cost	204,062	-	204,062
Accumulated depreciation closing	148,609	-	148,609
Carrying amount at 30 June 2021	55,453	-	55,453

	Equipment	Building Fit-out	Total
Opening cost 1 July 2021	204,062	-	204,062
Accumulated depreciation opening	148,609	-	148,609
Opening carrying amount	55,453	-	55,453
Additions	39,862	245,300	285,162
Disposals (net of accumulated depreciation)	-	-	-
Depreciation expense	29,894	11,759	41,653
Closing cost	243,923	245,300	489,223
Accumulated depreciation closing	178,502	11,759	190,261
Carrying amount at 30 June 2022	65,421	233,541	298,962

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

13. Capital Work in Progress

	Leasehold Improvements	Total
Opening cost 1 July 2021	58,150	58,150
Additions	-	-
Disposals (net of accumulated depreciation)	58,150	58,150
Closing cost	-	-
Carrying amount at 30 June 2022	-	-

Property, plant and equipment in the course of construction.

14. Intangible Assets

	Computer Software	Website Development	Total
Opening cost 1 July 2020	10,836	-	10,836
Accumulated depreciation opening	5,117	-	5,117
Opening carrying amount	5,719	-	5,719
Additions	-	137,735	137,735
Disposals (net of accumulated depreciation)	-	-	-
Depreciation expense	3,612	41,321	44,933
Closing cost	10,836	137,735	148,571
Accumulated depreciation closing	8,729	41,321	50,050
Carrying amount at 30 June 2021	2,107	96,415	98,522
	Computer Software	Website Development	Total
Opening cost 1 July 2021	10,836	137,735	148,571
Accumulated depreciation opening	8,729	41,321	50,050
Opening carrying amount	2,107	96,415	98,522
Additions	-	-	-
Disposals (net of accumulated depreciation)	-	-	-
Depreciation expense	2,107	55,094	57,201
Closing cost	10,836	137,735	148,571
Accumulated depreciation closing	10,836	96,415	107,251
Carrying amount at 30 June 2022	-	41,321	41,321

	2022	2021
15. Payables and Accrued Expenses		
Payables from exchange transactions		
Creditors	810,868	604,517
Revenue in advance	756,595	163,440
Total Payables from exchange transactions	1,567,463	767,957
Payables from non-exchange transactions		
Taxes payable	36,402	72,707
Total Payables from non-exchange transactions	36,402	72,707
Total Payables and Accrued Expenses	1,603,865	840,664
	2022	2021
16. Employee Entitlements		
Annual leave	249,000	264,818
Holidays Act Recalculation Liability	1,653	45,870
Total Employee Entitlements	250,653	310,688
	2022	2021
17. Equity		
Share Capital		
Balance at 1 July	232,493	232,493
Total Share Capital	232,493	232,493
Retained Earnings		
Balance at 1 July	198,887	163,550
Surplus/(deficit)	(243,904)	35,336
Total Retained Earnings	(45,018)	198,887
Total Equity	187,476	431,380

Equity is the shareholder's investment in the Company and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified as share capital and retained earnings.

Fully paid ordinary shares carry one vote per share and carry the right to dividends. No ready market for these shares therefore recognised at cost.

100 ordinary shares at \$1 per share are fully paid out and carry the right to dividends per share.

The company is not forecasting to generate any dividend for the shareholder over the next 3 years. Should a situation arise where distributions to the shareholder could be considered the Board will take into account the following elements in any distribution it may consider:

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

18. Related Party Transactions

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

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

	2022	2021
19. Transactions with Parent		
The Company entered into transaction with:	-	-
Received a grant from Rotorua Lakes Council - (excl GST)	3,817,391	4,420,000
Non-rent related expenditure paid to Rotorua Lakes Council	56,865	20,602
Accounts receivable from Rotorua Lakes Council	193,676	60,691
Payable to Rotorua Lakes Council for Service Level Agreement (excl.GST)	-	-
Rent paid to Rotorua Lakes Council for I-Site (excl.GST)	217,718	173,913
Total Transactions with Parent	4,285,650	4,675,206

At Balance date, Rotorua Economic Development Limited owed Rotorua Lakes Council \$27,988. Rotorua Lakes Council owes \$36,820 to Rotorua Economic Development Limited at balance Date.

	2022	2021
20. Key Management Remuneration		
Senior Management Team including Chief Executive		
Full Time Equivalent Members	4	5
Remuneration	634,058	733,442
Directors		
Full Time Equivalent Members	7	7
Remuneration	120,000	98,031
Total full time equivalent personnel	11	12
Total key management personnel remuneration	754,058	831,472

	2022	2021
21. Directors' Remuneration		
Christopher Auld	15,000	15,000
Tim Cossar (Appointed 9 June 2020)	15,000	15,000
Aaron Donnelly (Appointed 1 July 2020)	15,000	15,000
John McRae (Appointed 14 April 2020)	30,000	30,000
Dr Ganesh Nana (Retired 28 January 2021)	-	5,531
Desterney Newton (Appointed 14 April 2020)	15,000	15,000
Keri-Anne Tane (Appointed 1 May 2021)	15,000	1,250

	2022	2021
David Tapsell (Appointed 1 May 2021)	15,000	1,250
Total Directors' Remuneration	120,000	98,031

In addition to remuneration an amount of \$5,310 (2021 \$5,160) relating to insurance was paid for Director liability. No other benefits have been provided by the Company to a Director or in any other capacity. No loans have been made by the Company to a Director nor has the Company guaranteed any debts incurred by a Director.

22. Interest Register

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

INFORMATION USED BY DIRECTORS

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

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

Other than the insurance disclaimed in note 20 the Company has not arranged policies of the Directors' and Officers' Liability Insurance and separate Director's and Officers' defence costs insurance.

	2022	2021
23. Reconciliation of Net Surplus/(Deficit) to Net Cash Flow from Operating Expenses		
Net Surplus/(deficit)	(243,904)	35,336
Add/(less) non-cash items:		
Depreciation	98,854	76,259
Total non-cash items	98,854	76,259
Add/(less) items classified as investing activities:		
(Gain)/loss on sale of property, plant and equipment	-	(13,794)
Total non-cash items	-	(13,794)
Add/(less) movements in statement of financial position items		
Increase/decrease in receivables	(146,722)	(30,784)
Increase/decrease in other current assets	(31,245)	23,931
Increase/decrease in payables and accrued expenses	703,166	72,737
Total net movement in working capital items	525,199	65,884
Net cash flow from operating activities	380,149	163,685
	2022	2021

24. Financial Instruments

Financial assets		
Cash and cash equivalents	1,267,691	1,114,554
Receivables (excluding tax receivable)	205,748	100,621
Total loans and receivables	1,473,439	1,215,175

2022

2021

Financial liabilities at amortised cost

Payables (excluding taxes payable)	1,567,463	767,957
Total non-current portion	1,567,463	767,957

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

25. Reporting against Statement of Intent

Revenue	Actual 2022	SOI 2022	Variance 2022
Council funding	4,390,000	4,220,004	169,996
Government funding	1,017,669	-	1,017,669
Isite commission received	212,588	500,000	(287,412)
Trading revenue	287,769	331,000	(43,231)
Other revenue	1,283,216	-	1,283,216
Interest received	6,089	-	6,089
Total Revenue	7,197,331	5,051,004	2,146,327
Expenses			
Personnel costs	2,831,456	2,360,992	470,464
Admin & office expenses	541,648	73,996	467,652
Finance costs and charges	27,392	26,096	1,296
Repairs & maintenance	75,810	94,500	(18,690)
Operating expenses	3,908,729	2,435,420	1,473,309
Utilities	56,200	60,000	(3,800)
Total Expenses	7,441,236	5,051,004	2,390,232
Net Surplus	(243,904)	-	(243,904)

Commentary:

Increased revenue of \$2.1m has been driven by three key factors. Additional funding was provided by Rotorua Lakes Council for marketing services related to the Whakarewarewa Forest Loop. MBIE extended the Strategic Tourism Asset Protection Programme (STAPP) to provide funding to Regional Tourism Organisations for second year. Unexpectedly, funding was provided from Te Arawa Lakes Trust to deliver the Vax Vegas Campaign across Rotorua, which was part of broader national efforts to lift vaccination rates in communities that lagged behind the overall rates.

Against this backdrop, commission and trading revenue was behind expectations, driven by the additional lockdowns during 2021 and the longer than anticipated border closure for international tourists.

Overall expenditure rose to meet the additional contract requirements for delivering the MBIE STAPP and Vax Vegas programmes, this drove the corresponding increases in personnel and operating expenses. Specifically, additional fixed term roles were added through this period to deliver this work alongside increase to advertising expenditure, consultants and contractors for specific services and expertise.

Administration and office expenditure was misaligned during the preparation of the SOI, and the variance represents a realignment of expenses from operating to administration and office.

Underlying performance, once the revenue and expenses associated with MBIE STAPP and Vax Vegas are stripped out, indicates and overall net loss was driven by the lower than expected commission and trading revenue. Expenditure was broadly consistent with SOI, noting the organisation was requested by Rotorua Lakes Council during the year, to broaden its focus with additional responsibilities associated with inner city place-making work and major events support.

26. Auditors

The Auditor General is appointed under Section 15 of the Public Audit Act 2001. Silks Audit has been appointed to provide these services on his behalf. Provision for audit fee including disbursements for the year was \$32,433 excl. GST (2021 \$30,840 excl. GST).

27. Donations

No donations were made by the company during the year (2021: Nil).

28. Contingent Liabilities

At balance date contingent liabilities have been estimated at nil (2021: Nil).

	2022	2021
29. Operating Leases		
Commitment Type		
Not later than one year	232,320	70,000
Later than one year and not later than five years	929,280	128,000
Later than five years	987,360	-
Total Operating Leases	2,148,960	198,000

Operating leases relate to:

1167 Fenton Street, Rotorua (2022)

30. Events after Balance Date

There have been no significant events after the balance date.

31. Capital Management

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

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

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

The Council has accepted the Company's Statement of Intent, which includes funding up to 30 June 2022.

The funding agreement indicates that support will be provided until 30 June 2022. The support provided to Rotorua Economic Development Limited shall include: \$4.2m excl. GST to support the necessary budgeted operating activities in a timely manner (and all obligations and liabilities incidental to such activities).

32. Breach of Statutory reporting deadline

Rotorua Economic Development Limited was required under Section 67 of the Local Government Act 2002 (5b) to complete its audited financial statements and service performance information by 30 November 2022. This timeframe was not met due to the late completion of the audit.

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF THE ROTORUANZ LIMITED 'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2022

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

Opinion

We have audited the financial statements of the RotoruaNZ Limited on pages 7 to 29, that comprise the statement of financial position as at 30 June 2022, the statement of comprehensive revenue and expense, 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 RotoruaNZ Limited on page 10.

In our opinion:

- the financial statements of the RotoruaNZ Limited on pages 7 to 29:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2022; and
 - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with the Tier 2 Public Benefit Entity Reporting Standards Reduced Disclosure Regime.
- the performance information on page 3:
 - presents fairly, in all material respects, the RotoruaNZ Limited's performance for the year ended 30 June 2022, including:
 - for each class of reportable outputs:
 - its standards of delivery performance achieved as compared with forecasts included in the statement of performance expectations for the financial year; and
 - its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year; and
 - complies with generally accepted accounting practice in New Zealand

Our audit was completed on 22 March 2023. This is the date at which our opinion is expressed.

We acknowledge that our audit was completed later than required by legislative reference. This was due to the auditor shortage in New Zealand.

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

Basis for our opinion

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

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

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

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

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

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

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

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

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

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

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

For the budget information reported in the financial statements, our procedures were limited to checking that the information agreed to the RotoruaNZ Limited's statement of intent expectations.

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

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

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

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

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Board is responsible for the other information. The other information comprises the Statement of Service Performance included on page 10 and the Mihi from the Board Chair and Chief Executive on page 4, but does not include the financial statements, and our auditor's report thereon.

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

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

Independence

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

Other than the audit, we have no relationship with, or interests in, the RotoruaNZ Limited



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