

INDEPENDENT AUDITOR'S REPORT

**TO THE READERS OF DESTINATION WAIRARAPA INCORPORATED'S
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

The Auditor-General is the auditor of Destination Wairarapa Incorporated (the Society). The Auditor-General has appointed me, Vivien Cotton, using the staff and resources of Cotton Kelly, to carry out the audit of the financial statements of the Society on his behalf.

Opinion

We have audited the financial statements of the Society on pages 5 to 15, that comprise the statement of financial position as at 30 June 2018, the statement of financial performance, 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.

In our opinion, the financial statements of the Society:

- present fairly, in all material respects:
 - its financial position as at 30 June 2018; 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 Public Benefit Entity Simple Format Reporting – Accrual (Public Sector) PBE SFR-A(PS) framework.

Our audit was completed on 29 October 2018. This is the date at which our opinion is expressed.

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

Basis for 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

The Board are responsible on behalf of the Society for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board are responsible for such internal control as they determine is necessary to enable them to prepare financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board are responsible on behalf of the Society for assessing the Society's ability to continue as a going concern. The Board are also responsible for disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting, unless the Board intend to wind up the Society or to cease operations, or have no realistic alternative but to do so.

The Boards' responsibilities arise from clause 8.8 of the Rules of the Society.

Responsibilities of the auditor for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, 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.

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

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 risk of material misstatement of the financial statements, 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 Society'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 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 Society'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, 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 Society to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements 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 and clause 11 of the Rules of the Society.

Other information

The Board are responsible for the other information. The other information comprises the information included on pages 3 to 5, but does not include the financial statements, and our auditor's report thereon.

Our opinion on the financial statements 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 Society in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have no relationship with, or interests in, the Society.



Vivien Cotton
Cotton Kelly
On behalf of the Auditor-General
Palmerston North, New Zealand

Performance Report

Destination Wairarapa Inc.
For the year ended 30 June 2018

Prepared by Osborne Group

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Entity Information

Destination Wairarapa Inc. For the year ended 30 June 2018

Legal Name of Entity

Destination Wairarapa Incorporated.

Entity Type and Legal Basis

Destination Wairarapa Inc is an Incorporated society in New Zealand.

Registration Number

IRD number: 097-960-739

Entity's Purpose or Mission

Grow the Wairarapa's Tourism Revenue by attracting More Visitors, who Stay Longer and Spend More.

Entity Structure

The board is comprised of seven Trustees who oversee the governance of the society, a General Manager who is responsible for the day-to-day operations of the society and reporting to the Trustees, and 10 other full time/part time staff who support the General Manager in delivering against the Society's objectives. Four Trustees are elected from the Incorporated Society's membership. One Trustee is appointed by each of the three District Councils. During the 2018 year one Trustee position was vacant.

Main Sources of Entity's Cash and Resources

The primary sources of funding are grants from the Masterton, Carterton and South Wairarapa District Councils under multi-year funding agreements. The society has also received grants from Trust House Foundation and earns membership subscription income.

Entity's Reliance on Volunteers and Donated Goods or Services

There is no reliance on volunteers or donated goods and services.

Physical Address

Radio House

7-13 Church Street

MASTERTON 5840

Postal Address

PO Box 674, MASTERTON

Approval of Financial Report

Destination Wairarapa Inc.
For the year ended 30 June 2018

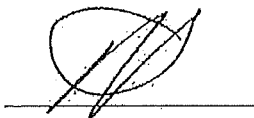
The Trustees are pleased to present the approved financial report including the historical financial statements of Destination Wairarapa Inc. for year ended 30 June 2018.

APPROVED



Robin Dunlop
Chair

Date: 29/10/18



Paul Broughton

Deputy Chair

Date: 29/10/18

Statement of Service Performance

Destination Wairarapa Inc.

For the year ended 30 June 2018

'What did we do?', 'When did we do it?'

Destination Wairarapa provides continual promotion and support to market the Wairarapa as a tourist destination. There are multiple projects being run at any one time both event specific (short term) and ongoing (long term).

Description and Quantification of the Entity's Outputs

Grow the Wairarapa's Tourism revenue by attracting more visitors, who stay longer and spend more. This is done by ensuring the Wairarapa has the right tourism offerings, with outstanding delivery, marketed effectively.

Output	2018	2017
Guest Nights Year-on-year increase in Guest Nights (accommodation booked)	Achieved 254,099	Achieved 234,099
Revenue from Tourism To assist the Tourism Industry to meet the Wairarapa Tourism 2025 Target of \$212 M pa by having an average growth of 5.3%	Achieved Revenue from Tourism \$186 million (average growth = 13%)	Achieved Revenue from Tourism (166 million) (7.9%)
ISite Visitors To encourage people to visit the ISite	Achieved Door Count at ISite 35,120	Achieved Door Count at ISite 40,502



Statement of Financial Performance

Destination Wairarapa Inc.

For the year ended 30 June 2018

'How was it funded?' and 'What did it cost?'

	NOTES	2018	2017
Revenue			
Funding from Local Government	1	463,129	446,772
Donations and Grants	1	191,472	130,000
Membership Subscriptions	1	70,546	72,797
Revenue from Providing Goods and Services	1	118,199	76,757
Reinutaka Cycle Trail Project - Revenue	5	26,708	-
Interest	1	1,669	1,649
Total Revenue		871,723	727,974
Expenses			
Personnel Costs	2	476,511	454,484
Operating Expenses	2	369,859	341,239
Total Expenses		846,370	795,723
Surplus/(Deficit) for the Year		25,353	(67,749)

This statement has been audited, and should be read in conjunction with the Notes, Accounting Policies and Audit Report



Statement of Cash Flows

Destination Wairarapa Inc.
For the year ended 30 June 2018

	NOTES	2018	2017
Cash Flow			
Cash Flows from operating activities			
Cash was received from:			
Local Government Funding		465,129	444,751
Donations and Grants		253,160	130,000
Membership Subscription Income		70,546	72,797
Revenue from Providing Goods and Services		124,410	82,584
Interest		1,669	1,649
Net GST		(5,356)	2,579
Total Cash was received from:		909,558	734,360
Cash was applied to:			
Payments to Suppliers and Employees		(831,778)	(782,059)
Donations or grants paid		-	-
Interest Expense		(4,271)	(4,786)
Total Cash was applied to:		(836,049)	(786,845)
Total Cash Flows from operating activities		73,509	(52,485)
Cash Flows from investing & financing activities			
Cash was received from:			
Receipts from the sale of property, plant and equipment		-	-
Receipts from the sale of investments		-	-
Proceeds from loans borrowed from other parties		-	-
Total Cash was received from:		-	-
Cash was applied to:			
Payments to acquire property, plant and equipment		(550)	-
Payments to purchase investments		-	-
Repayments of loans borrowed from other parties		(7,088)	(8,282)
Total Cash was applied to:		(7,638)	(8,282)
Total Cash Flows from investing & financing activities		(7,638)	(8,282)
Net increase/(decrease) in cash		65,871	(60,767)
Opening bank accounts and cash		243,217	303,984
Closing bank accounts and cash		309,088	243,217
This is represented by:			
Bank accounts & cash		309,088	243,217

This statement has been audited, and should be read in conjunction with the Notes, Accounting Policies and Audit Report.



Statement of Financial Position

Destination Wairarapa Inc.

As at 30 June 2018

'What the entity owns?' and 'What the entity owes?'

	NOTES	30 JUN 2018	30 JUN 2017
Assets			
Current Assets			
Bank accounts and cash	3	242,149	227,524
ISite Trust Account	3	6,614	15,259
Cash Held	3	719	312
Inventory	3	2,161	2,059
Debtors and prepayments	3	12,091	19,137
ANZ - Remutaka Cycle Trail	5	59,606	122
Total Current Assets		323,341	264,413
Non-Current Assets			
Property, Plant and Equipment	6	46,197	35,370
Total Non-Current Assets		46,197	35,370
Total Assets		369,538	299,783
Liabilities			
Current Liabilities			
Creditors and accrued expenses	4	44,607	64,353
Employee costs payable	4	49,733	41,864
Income in Advance - Remutaka Cycle Trail	4	45,000	-
Vehicle Leases - Current Portion	4	8,977	32,715
Total Current Liabilities		148,318	138,932
Non-Current Liabilities			
Vehicle Leases - Non-Current Portion	4	35,016	-
Total Non-Current Liabilities		35,016	-
Total Liabilities		183,334	138,932
Total Assets less Total Liabilities (Net Assets)		186,204	160,851
Accumulated Funds			
Accumulated surpluses or (deficits)	7	76,204	50,851
Reserves	7	110,000	110,000
Total Accumulated Funds		186,204	160,851

This statement has been audited, and should be read in conjunction with the Notes, Accounting Policies and Audit Report



Statement of Accounting Policies

Destination Wairarapa Inc.

For the year ended 30 June 2018

Basis of Preparation

The entity has elected to apply PBE SFR-A (PS) Public Benefit Entity Simple Format Reporting - Accrual (Public Sector) on the basis that the Society does not have public accountability (as defined) and has total annual expenses equal to or less than \$2,000,000.

All transactions in the financial statements are reported using the accrual basis of accounting.

The financial statements are prepared on the assumption that the Society will continue to operate in the foreseeable future.

Goods and Services Tax (GST)

Destination Wairarapa Inc is registered for GST.

All amounts are prepared on a GST exclusive basis with the exception of Accounts Receivable and Accounts Payable.

The amount of GST owing to or from the Inland Revenue Department at balance date, being the difference between Output GST and Input GST, is included in Accounts Receivable or Accounts Payable (as appropriate).

Where GST is irrecoverable as an input tax, then it is recognised as part of the related asset or expense.

Significant Accounting Policies

Receivables

Receivables are stated at estimated realisable value, after making provision for doubtful debts.

Inventories

Inventories are valued at the lower of cost, on a weighted average basis, and net realisable value.

Property, Plant and Equipment

Property, plant and equipment and motor vehicles are recorded at cost and depreciated over their expected useful lives.

Depreciation

Depreciation is calculated on a diminishing value basis on all fixed assets at a rate which will write off the cost (or valuation) of their assets to their estimated residual value over their useful lives.

The depreciation rates for property, plant and equipment are as follows:

Furniture, Equipment and Plant	12% - 60%
Motor Vehicles	30%

When components of an item of property, plant and equipment have different useful lives or provide benefits to the entity in different patterns, thus requiring different depreciation rates and methods, the cost of the item is allocated to its component and each component is accounted for separately.

Income Tax

Destination Wairarapa Incorporated is exempt from New Zealand income tax as a regional promotional body.



Financial Instruments

Destination Wairarapa is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, investments, receivables and payables. All financial instruments are recognised in the Statement of Financial Position and all revenues and expenses in relation to the financial instruments are recognised in the Statement of Financial Performance.

Except for items covered by a separate accounting policy, all financial instruments are shown at their estimated fair value.

Leases

Finance Leases

Leases which effectively transfer substantially all the risks and benefits incidental to the ownership of the leased item to the Society Group are classified as finance leases. These are capitalised at the lower of the fair value of the asset or the present value of the minimum lease payments. The leased assets and the corresponding lease liabilities are recognised in the statement of financial position. The leased assets are depreciated over the period the Society is expected to benefit from their use.

Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Operating lease expenses are recognised on a systematic basis over the period of the lease.

Statement of Cash Flows

Cash means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investment in which the Society invests as part of its day-to-day cash management.

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

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

Financing activities comprise the leases of vehicles by the Society.

Local Government Funding, Donations and Membership Income

Are recognised in the year to which they relate.

Local Government Funding revenue is recognised in the year in which it relates and is directly linked to the Councils Annual Plan.

Membership Subscriptions and Revenue for providing Goods and Services are recognised as income when income when invoiced. Commission for acting on behalf of others is recognised as income when earned.

Revenue from Donations and Grants without a "use or return" condition is recorded when cash is received.

Other Revenue

Consists of commissions, advertising revenue and contributions by outside organisations to projects run by Destination Wairarapa. Revenue is recognised in the year to which it relates.

Tier 2 PBE Accounting Standards applied

The Society has not applied any Tier 2 Accounting Standards in preparing its financial statements.

Changes in Accounting Policies

There has been no changes in the Accounting Policies for the year ending 30 June 2018.



Notes to the Performance Report

Destination Wairarapa Inc.

For the year ended 30 June 2018

	2018	2017
1. Analysis of Revenue		
Funding from Local Government	463,129	446,772
Membership Subscriptions	70,546	72,797
Interest	1,669	1,649
Donations and Grants		
2017 Donation - Trust House	29,586	-
Donation - Trust House	161,886	130,000
Total Donations and Grants	191,472	130,000
Revenue from Providing Goods and Services		
I-Site Sales	33,745	35,409
Gain on Sale	9,169	-
Wairarapa Visitor Guide	29,336	27,289
Other Revenue	45,949	14,059
Total Revenue from Providing Goods and Services	118,199	76,757
Total Revenue	845,015	727,974
	2018	2017

2. Analysis of Expenses

Personnel Costs	476,511	454,484
Operating Expenses		
Administration and Financial	58,334	67,019
Advertising and Marketing	163,680	157,291
Audit Fees	8,000	7,252
Cost of Goods Sold	2,829	3,028
Depreciation	14,552	13,249
Interest	4,271	4,786
Property Expenses	42,019	47,731
Other Staff Costs	24,409	28,403
Remutaka Cycle Trail Development Costs	33,287	96
Trustee Fees & Expenses	18,479	12,385
Total Operating Expenses	369,859	341,239
	2018	2017

3. Analysis of Assets

Current Assets		
Funds at Bank	242,149	227,524
I-Site Trust Account	6,614	15,259
Cash Held	719	312
Inventory	2,161	2,059

This statement has been audited, and should be read in conjunction with the Notes, Accounting Policies and Audit Report



Receivables and prepayments

Accounts receivable	10,217	13,472
Prepayments	1,875	5,665
Total Receivables and prepayments	12,091	19,137
Total Current Assets	263,735	264,291

2018 2017

4. Analysis of Liabilities**Creditors and Accrued Expenses**

Accounts payable	21,699	30,346
Credit Cards - payable	3,720	1,813
GST	5,293	10,649
Held In Trust	3,311	10,120
Accrued Expenses	1,385	2,340
Audit Provision	9,200	9,085
Total Creditors and Accrued Expenses	44,607	64,353

Other Liabilities

Income In Advance - Remutaka Cycle Trail	45,000	-
Toyota Finance Vehicle Lease	19,662	32,715
UDC Finance Vehicle Lease	24,331	-
Total Other Liabilities	88,993	32,715

Employee costs payable

Holiday Pay Liability	40,283	31,794
Accrued Payroll	9,450	10,070
Total Employee costs payable	49,733	41,864

2018 2017

5. Analysis of Remutaka Cycle Trail Project Accounts**Remutaka Cycle Trail - Funding**

Remutaka Cycle Trail Project - Revenue	26,708	-
Total Remutaka Cycle Trail - Funding	26,708	-

Remutaka Cycle Trail - Expenses

Remutaka Cycle Trail Project - Expenses	33,287	96
Total Remutaka Cycle Trail - Expenses	33,287	96

Remutaka Cycle Trail Project Bank Account

ANZ - Remutaka Cycle Trail	59,606	122
Total Remutaka Cycle Trail Project Bank Account	59,606	122

This statement has been audited, and should be read in conjunction with the Notes, Accounting Policies and Audit Report



2018 2017

6. Property, Plant and Equipment

Furniture and Fittings					13,015	16,629
Computer Equipment					504	-
Leased Assets					32,677	18,741
Total Property, Plant and Equipment					46,197	35,370

Fixed Asset Reconciliation

This Year						
Asset Class	Opening carrying amount	Purchases	Sales	Gain/Loss on Sale	Current year depreciation	Closing carrying amount
Furniture and Equipment	16,629	-	-	-	3,614	13,015
Motor Vehicles	18,741	42,165	26,505	9,169	10,893	32,677
Computer Equipment		550	-	-	46	504
Total	35,370	42,715	26,505	9,169	14,553	46,196
Last Year						
Asset Class	Opening carrying amount	Purchases	Sales	Gain/Loss on Sale	Current year depreciation	Closing carrying amount
Furniture and Equipment	21,846	-	-	-	5,217	16,629
Motor Vehicles	26,773	-	-	-	8,032	18,741
Total	48,619	-	-	-	13,249	35,370

2018 2017

7. Accumulated Surplus's

Accumulated Surplus's		
Opening Balance	160,851	228,600
Transfer from Contingency Reserve	(20,000)	-
Transfer to Remutakā Cycle Trail Reserve	20,000	-
Current Year Earnings	25,353	(67,749)
Total Accumulated Surplus's	186,204	160,851

This statement has been audited, and should be read in conjunction with the Notes, Accounting Policies and Audit Report



Reserves

	2018	2017
Asset Replacement Reserve		
Opening Asset Replacement	40,000	40,000
Transfer from Accumulated Surplus's	-	-
Closing Asset Replacement	40,000	40,000
Contingency Reserve		
Opening Contingency Reserve	70,000	70,000
Transfer to Accumulated Surplus's	(20,000)	-
Closing Contingency Reserve	50,000	70,000
Remutaka Cycle Trail Reserve		
Opening Remutaka Cycle Trail	-	-
Transfer from Accumulated Surplus's	20,000	-
Closing Remutaka Cycle Trail	20,000	-

8. Commitments and Contingencies

The Society had the following operating lease commitments as at 30 June 2018:

Non-Cancellable Operating Lease Commitments:

	2018	2017
	\$	\$
Less than 12 months	39,971	40,431
Between 1 and 2 Years	26,007	33,964
Between 2 and 5 years	13,669	31,667
More than 5 years	-	-
TOTALS	79,647	106,062

The Society has no capital commitments as at 30 June 2018 (Last year - nil)

9. Contingent Liabilities and Guarantees

There are no contingent liabilities or guarantees as at 30 June 2018 Last year - nil.



10. Related Party Transaction

Masterton District Council

Masterton District Council has appointed one Trustee to the governing board of Destination Wairarapa. The Council has provided funding of \$278,733 for the year ending 30 June 2018 (2017: \$275,000). Destination Wairarapa transacts with Masterton District Council in respect of services provided in the normal course of Council activities.

Carterton District Council

Carterton District Council has appointed one Trustee to the governing board of Destination Wairarapa. The Council has provided funding of \$54,000 for the year ending 30 June 2018 (2017: \$54,000). Destination Wairarapa transacts with Carterton District Council in respect of services provided in the normal course of Council activities.

South Wairarapa District Council

South Wairarapa District Council has appointed one Trustee to the governing board of Destination Wairarapa. The Council has provided funding of \$130,000 for the year ending 30 June 2018 (2017: \$117,772). Destination Wairarapa transacts with South Wairarapa District Council in respect of services provided in the normal course of Council activities.

Transactions with Trustees

A number of the Trustees own or manage tourism related businesses in the Wairarapa and transact with Destination Wairarapa as a result. All of these transactions are completed on normal commercial terms.

11. Events After the Balance Date

There were no events that have occurred after the balance date that would have a material impact on the Performance Report (Last year - nil).

12. Ability to Continue Operating

The entity will continue to operate for the foreseeable future.



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