



# **SEAVIEW MARINA LIMITED ANNUAL REPORT**

**FOR THE YEAR ENDED 30 JUNE 2019**



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## CHAIRMAN'S REVIEW

### FOR THE YEAR ENDED 30 JUNE 2019

It has been another good year for Seaview Marina with a bright future and waiting lists for various berth sizes and our Trailer boat park. The increasing demand is due to the excellent service and facilities available within the Marina complex and the Team's commitment to providing a quality customer service experience. With the Berth occupancy running at a record level of 92%, the Boat Trailer Park being at near full capacity, the demand for our Hardstand services from our Licensees and Contractors and with the Marine Centre Complex fully leased, it is very pleasing to report a successful year.

The Marina teams' continuous effort in improving client service contact and communications has resulted in very positive customer feedback from stakeholders and the public who are enjoying the experience of the Café, the enhanced walkways and the general ambience of the Marina environment.

The Financial results, whilst pleasing, have been impacted by various one-off non-recurring costs, along with a significant under recording of our power usage compounded over the past few years due to a metering issue identified by a change of supplier. These costs, along with increased insurance premiums and maintenance eroded our Surplus. The year-end position as at June 2019 resulted in a Surplus in Comprehensive Revenue of \$429,048 which was 28.1% less than our Budgeted position of \$596,704 but reflected an increase of 27.3% over the previous year's result of \$337,159, excluding the Gain on Revaluation.

With the increasing demand for 10 and 12 metre berths, the Company is planning further expansion of the in-water development which will remain our focus. A further 37 berths will be completed with final completion of the in-water development scheduled to be completed by June 2022. The planned approach regarding our application for the renewal of the Sea Bed Licence for a further term of 35 years will further increase the Marina's offerings and enhance shareholder and stakeholder value.

The Marina continues its focus on best practice for Health and Safety, with the continuous improvement of systems and procedures to ensure a safe working and operational environment for all users and the public. In terms of further challenges, global warming and rising sea levels pose a significant issue for the Marina and its surround's in the years to come.

My thanks must go to my fellow Directors, Chris Milne and Peter Steel for their input and contribution to the success of the Marina. Finally, to Alan McLellan, our Chief Executive and his Team, my sincere appreciation and thanks for their dedicated effort which has very much contributed to a successful year. To our Shareholder, Hutt City Council, our grateful thanks for their ongoing support.



**Brian Walshe**  
**CHAIRMAN**

# CHIEF EXECUTIVE'S REPORT

## FOR THE YEAR ENDED 30 JUNE 2019

The 2018/2019 financial year saw an unprecedented increase in boat storage occupancy, our core business. This result coupled with good performances from our other services and leases resulted in Seaview Marina Limited (SML) achieving a Surplus of \$429,049 and a Return on Equity of 5.04% for the financial year ended 30 June 2019.

### Financial results

Total revenue of \$2,438,547 was achieved, which was \$78,991 ahead of budget, representing an increase of 3.3% against budget and an increase of 7% compared with the prior year.

SML's core business, berth storage revenue, was ahead of last year's result by \$105,948 due to a significant increase in berth occupancy over the year. Demand for all berth sizes, apart from the new catamaran berths, exceeded expectations. Trailer park revenue was above budget and ahead of last year by \$16,692 and \$23,996 respectively, with monthly occupancy rates close to 100%. All other categories of revenue, except for the hardstand and liveaboard revenue were either in line with budget or above budget.

Revenue from hardstand activities was in line with budget, but \$8,943 below last year's result. Last year was an excellent year. The facilities are widely used by both commercial and recreational boat users, with Unit 3 located in the Wellington Marine Centre showing high monthly occupancy rates.

While gross diesel sales are ahead of last year, cost of diesel sales are also up on last year. However, this is an essential service for both commercial and recreational boat users.

Liveaboard revenue was \$6,740 below a budget of \$83,136, a result of the more stringent approval process established for accepting liveaboards. Fewer liveaboards were accepted than planned.

Total expenses for the year were \$246,646 above budget and \$66,920 higher than last year. Employee expenses were \$17,571 above budget largely due to the employment of a dedicated maintenance person. The position was required due to the commissioning of the H pier. Operating expenses were \$233,875 above budget and related to higher insurance premiums than planned, coupled with higher utility, environmental and security charges. Excluding insurance, the latter expenses were largely due to the increase in Marina users, and other visitors drawn to the café and the newly completed walkway, particularly over summer. The increase in users and visitor numbers placed pressure on cleaning and the collection of rubbish with the frequency of cleaning and rubbish disposal being increased. Security also needed to be tightened.

Finance expenses were exactly in line with budget. Depreciation was lower than planned and is below budget due to the decision not to proceed with the Southern Toilet Block and to complete some projects next financial year (e.g. the Fibre network system and the Liveaboard pedestals).

### Operational

Seaview Marina's berth rental business saw a significant increase over the year. Demand has been strong for 12m berths and at the end of the year there were no 10m, 12m, 14m or 16m berths free. The only berths which showed low occupancies were the new large catamaran berths on H Pier, although these have provided valuable casual storage over the year. Overall, the occupancy at year end was 92%. The increase in berth storage was unexpected, but has now provided the impetus to progress the final in-water development work.



Trailer park demand remained high throughout the year with occupancy averaging close to 100% a month. There is a clear demand for more space for trailer boat storage and options for dry-stacking trailer boats may well be the answer to this future demand.

The hardstand business struggled to achieve the high level of activity compared with the previous year, but still remained a significant contributor to SML's overall business revenue. It is an essential part of the service SML provides our own licensees and the contractors who prefer to work out of this marina. Flexibility and security in storing larger vessels on the hardstand has been improved with the importing of 12 new specialist cradle arms from France. Over the year the hardstand had an average occupancy of 78%.

Net product sales (gross product sales less cost of product sales) dropped from last year's high but still provided the Marina with a good source of revenue and an essential service to our commercial clients. Competitive prices allowed SML to compete with Chaffers Marina in attracting clients.

The launching ramp is considered the best in the Wellington Region and provides for both our own stored trailer boats, as well as casuals. This year SML had a similar volume of trailer boats using the facility as last year and achieved revenue close to budget and in line with previous years.

While liveaboard revenue (including ablutions) didn't reach budget this year or achieve last year's figures it contributed significantly to overall revenue. With close to 80 people living on 60 vessels in the marina it is a significant part of the business generating around \$76k per annum.

The Wellington Marine Centre at year end was fully tenanted. Unit 12 was divided into two units, one an office and one for casual storage. An addition retail outlet for vintage and recycled marine related equipment (Shipwreck Traders) was established in Unit 10 and is proving very successful.

Compass Café has become an iconic destination café and because of this success SML is supporting the operator in his expansion plans. The undercover seating area is planned to be increased from 15m<sup>2</sup> to 50m<sup>2</sup> and will provide seating and conference facilities.

### **Equity**

The company's total equity (net assets employed) as at the end of the financial year was \$8,936,217 compared with the previous year's position of \$8,507,168.



**Alan McLellan**  
**CHIEF EXECUTIVE**

## INTEREST REGISTER

<b>Brian Walshe</b> Chair	Adelaide Commercial Limited Burdans Gate Properties Limited Chang Fung Buildings Limited City Stay Apartments Limited, Advisory Board Domet Investments Limited Gary Baker Trustees Limited Gracefield Investments (Hutt) Limited (removed 27/09/2016) Integral Group Limited, Advisory Board Kenway Property Consultants, Advisory Board Laura Ferguson New Zealand Limited Laura Ferguson Trust Pointhree Limited Scratch Design (NZ) Ltd Te Omanga Hospice Trust Urban Plus Limited, Chair Urban Plus Developments Limited, Director Urban Plus Limited Partnership, Director
<b>Chris Milne</b> Director	Arcadia Associates, Partner Chris Clifton Associates, Director Community Foundations of New Zealand, Deputy Chair Hammock IP Limited, Director Hutt City Council, Councillor Kaynemaile Limited, Director Maungaraki Tennis Club Inc., Treasurer Nga Manu Nature Reserve, Trustee Nikau Foundation, Chair Nutcracker Limited, Director Partstrader New Zealand Limited, Director Technology Valley Inc., Chair
<b>Peter Steel</b> Director	Commerce Building Limited Taiwan NZ Trade Development Limited Accreditation Council
<b>Alan McLellan</b> CEO Seaview Marina Limited	Marina berth holder

# STATEMENT OF SERVICE PERFORMANCE

## Reporting against targets for the 2018/19 financial year

Seaview Marina saw a significant increase in occupancy levels for marina berths during the year with all the standard berth sizes being close to full at the end of the year. The only exception to this was the new catamaran berths on G Pier, which remained substantially empty. However these berths were used for casual berths. Overall 92% occupancy was achieved by the end of the year, which is the highest occupancy SML has recorded since it began. Demand for liveaboard spaces drove much of this increase with sixty vessels having liveaboards by the end of the year.

The demand for trailer parks remained high over the year and at one stage there was a significant waiting list for parks. Activity on the trailer launching ramp varied over the year, being very dependent on weather, but overall the budget was achieved.

The hardstand business started slowly but as the year progressed activity improved. At the end of the year the budget was achieved, although the targets on occupancy and the number of lifts were not. The large workshop (unit 3) was the real success of the hardstand business achieving 93.4% occupancy – an exceptional result.

The Wellington Marine Centre achieved the budgeted income and all units were leased by the end of the financial year.

Key Performance Indicators	2019 Target	2019 Actual	2018 Target	2018 Actual
Berth Occupancy*	85%	92%	85%	86%
Trailer Park Occupancy*	95%	99%	95%	99%
Boat yard occupancy*	85%	81%	85%	83%
Boat Haul out (lifts per year)	550	494	550	547
Total Revenue	\$2,359,556	\$2,438,547	\$2,148,767	\$2,279,739
Net Surplus**	\$596,704	\$429,048	\$461,080	\$337,159
Return on Equity***	5%	5.04%	5%	5.8%
Manage and operate the marina within its 2018-19 budget	\$1,762,852	\$2,009,498	\$1,687,687	\$1,942,578

\*Occupancy rates are derived by taking the total berths available less the average per month unoccupied divided by total berths available

\*\*Net surplus is after interest expense and depreciation

\*\*\*ROE is calculated as net Surplus/ (Deficit) divided by the opening balance of equity at the start of the year

## Financial

Key Performance Indicators	2019 Target	2019 Actual	2018 Target	2018 Actual
<b>FINANCIAL</b>				
Deliver annual budgeted revenue	Achieve greater than or equal to 100% of \$2,359,556	\$2,438,547 Achieved	\$2,148,767	\$2,279,739 Achieved
Control operational expenses - operational expenses within budget	Achieve less than or equal to 100% of \$1,762,852	\$2,009,498 Not achieved	\$1,687,687	\$1,942,578 Not achieved
Achieve prescribed return on investment	Achieve greater than or equal to 5%	5.04% Achieved	Achieve greater than or equal to 5%	5.8% Achieved
Manage capital expenditure	Complete within budget and on time	Not achieved.  (Overall, capital spend was under budget due to Power pedestal project being brought forward, and a small overspend against miscellaneous capital items).	Not applicable. New measure in 2018/19	Not applicable.

Income showed significant improvements over last year and the year's budget. However, the expenses ended up well above budget due mainly to a number of 'one-off' unbudgeted expenses. These included higher than budgeted electricity, insurance and security charges throughout the year. There were also a number of capital items from previous projects that were not progressed and were expensed totalling \$52K.

SML achieved the minimum ROE of 5% as prescribed in the SOI.

Capital expenditure failed to stay within budget. In particular the walkway project capital expenditure was over budget and not delivered on time. This was due to adding a boardwalk section from Pier A to the Lowry Bay Yacht Club which proved expensive but provided a very iconic addition to the remaining walkway.

## Relationship and Communication

Key Performance Indicators	2019 Target	2019 Actual	2018 Target	2018 Actual
<b>RELATIONSHIP AND COMMUNICATION</b>				
Newsletter communications	Complete 4 newsletters in 2018/19	Not achieved due to departure of staff member	Not applicable. New measure in 2018/19	Not applicable.
Meet all shareholder reporting deadlines	Reporting Deadlines for 2018/19	Not achieved.	Not applicable. New measure in 2018/19	Not applicable.
Client Service	85% satisfaction for the exit/entry survey (bi-annual survey)	91%	Measure not applicable in 2017/18 (annual survey).	Not applicable.
Overall Customer Satisfaction	Measure not applicable in 2018/19	Measure not applicable in 2018/19	85%	94%

The Client Service Survey is completed every two years and was last completed in 2017/18. The next survey is 2019/20. For the purposes of this year's Client Service monitoring the exit survey was used. Every client leaving the marina is asked the question, 'would you recommend Seaview Marina to other boat owners' and the results are converted to a percentage of those responding positively. As well as this responses from our website are used to monitor client service on a monthly basis and these support SML's high level of customer satisfaction.



## Risk Management and Human Resources

Key Performance Indicators	2019 Target	2019 Actual	2018 Target	2018 Actual
<b>RISK MANAGEMENT</b>				
Notifiable health and safety incidents	Nil incidents	Achieved	Nil incidents	Nil (achieved)
Business Continuity Plan	Run test scenario and review	Achieved	Not applicable. New measure in 2018/19	Not applicable.

The Board takes the health and safety of Seaview Marina Ltd very seriously and are committed to providing a safe site for both its staff, licensees and the general public. The Health and Safety Office provides a full report on Health and Safety at each Board Meetings. Health and safety is a standing item on the agenda of staff meetings. All staff members have current first aid certificates.

Health and Safety remains a key focus for the board. A formal report is presented by the Health and Safety Officer at each board meeting. All staff members are trained on 'PeopleSafe', which makes identification and documentation of hazards and other health and safety issues simple to follow up. There were no notifiable Health and Safety events reported during the 2018/19 year. The Hazards Register is updated by the Company's Health and Safety Officer, Tony Kelly, with input from all staff. These are seen as high priority issues by the staff and addressed immediately.

All contractors who operate on site have been processed through the 'on-line' contractor induction process and new operators must complete the induction before being allowed access to the site.

## Marketing

Key Performance Indicators	2019 Target	2019 Actual	2018 Target	2018 Actual
<b>Marketing</b>				
Implement marketing strategy to improve occupancy rates	Berth occupancy to 90%	Achieved	Not applicable. New measure in 2018/19	Not applicable.
Media and Public Relations	10 enquiries per month from website	Achieved	Not applicable. New measure in 2018/19	Not applicable.

Key Performance Indicator	2019	2018 Target	2018 Actual
<b>MAINTENANCE</b>			
Maintain Asset Management Plans annually as detailed in the operational plan. Completion of maintenance programme.	Measure retired in 2018/19	100% completion by 30 June	95%
Address non-programmed maintenance within five working days.	Measure retired in 2018/19	100%	81%

Key Performance Indicator	2019	2018 Target	2018 Actual
<b>DEVELOPMENT</b>			
Commercial Pier & Fuel Wharf.	Measure retired in 2018/19	Complete the berths on the south side of H Pier.	The work began in June 2018 and was completed in July 2018. 4 x 14m, 4 x 18m, 1 x 24m and 1 x 26m berths were constructed
Final Stage of pedestrian walkway.	Measure retired in 2018/19  Note: Pedestrian Walkway not completed until July 2018	Complete the walkway around the main marina causeway.	Work was started on this project towards the end of 2017 and is substantially completed. However the bad weather in 2018 has meant the project will be completed in 2018/19
North berths on H Pier.	Measure retired in 2018/19  NOTE: North berths on Pier H not completed until July 2019	The project was held back as the catamaran berth project on the south side of H Pier took precedent. With the number of twelve metre berths free it was agreed that until the occupancy of this sized berth increased a hold would be put on 10m berths.	Berth development of the 10m berths was put on hold but will be reviewed in the at the end of the 2018/2019 financial year

Key Performance Indicator	2019	2018 Target	2018 Actual
<b>PUBLIC ACCESS</b>			
Develop a strategy that will encourage the public to use the marina	Measure retired in 2018/19	Upgrade landscaping and public amenities	Pohutakawa trees in planters were installed at the entrance to piers A to E.
		Provide facilities that encourage the general public to the marina	Compass Coffee set up a café on site in 2017 and this has been upgraded with the assistance of Seaview Marina Ltd. This has become a very popular venue for both licensees and the general public. Further enhancements are being considered
		Support the Lowry Bay Yacht Club (LBYC) to encourage boating at the marina	Seaview Marina continues to provide sponsorship to the LBYC. The Company supported the LBYC with the 24 hour race by way of free berths and free servicing packages for hardstand services as prizes. Provided prizes for the LBYC yacht racing series.
		Run an event on the marina to encourage the general public	The second Wellington Boat Show was successfully run at Seaview Marina attracting around 6000 visitors to the marina.

Key Performance Indicator	2019	2018 Target	2018 Actual
<b>COMPLIANCE WITH FINANCIAL, TECHNICAL AND REGULATORY STANDARDS</b>			
Achieve full compliance with financial, technical and regulatory standards. This includes, Electrical Warrant of Fitness for vessels and Building Warrant of Fitness as well as Hutt City Council and Greater Wellington Regional Council requirements.	Measure retired in 2018/19	100%	100%

## Independent Auditor's Report

### To the readers of Seaview Marina Limited's financial statements and performance information for the year ended 30 June 2019

The Auditor-General is the auditor of Seaview Marina Limited (the Company). The Auditor-General has appointed me, Andrew Clark, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of the company on his behalf.

#### Opinion

We have audited:

- the financial statements of the company on pages 17 to 30, that comprise the statement of financial position as at 30 June 2019, 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 performance information of the company on pages 6 to 11.

In our opinion:

- the financial statements of the company on pages 17 to 30:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2019; 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 Standards Reduced Disclosure Regime; and
- the performance information of the company on pages 6 to 11 presents fairly, in all material respects, the company's actual performance compared against the performance targets and other measures by which performance was judged in relation to the company's objectives for the year ended 30 June 2019.

Our audit was completed on 19 September 2019. This is the date at which our opinion is expressed.

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

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

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

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

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

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

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

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

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

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

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

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We evaluate the appropriateness of the reported performance information within the company's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

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

Our responsibilities arise from the Public Audit Act 2001.

### **Other Information**

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 2 to 5, but does not include the financial statements and the performance information, and our auditor's report thereon.

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

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

### **Independence**

We are independent of the company in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1(Revised): 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 company.

A handwritten signature in cursive script that reads "Andrew Clark".

Andrew Clark  
Audit New Zealand  
On behalf of the Auditor-General  
Wellington, New Zealand

## FINANCIAL STATEMENTS

### Statement of Compliance and Responsibility

The Board and management of Seaview Marina Limited confirm that all statutory requirements in relation to the annual report, as outlined in the Local Government Act 2002, have been complied with, apart from the requirement outlined in note 23 of this annual report.

The Directors and management of the Company accept responsibility for the preparation of the annual Financial Statements and the Statement of Service Performance and the judgements used in them.

The Directors have authority to sign the Financial Statements and the Statement of Service Performance.

The Directors and management of the Company accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the financial, including performance reporting.

In the opinion of the Directors and management of the Company, the annual Financial Statements and the Statement of Service Performance for the year ended 30 June 2019 fairly reflect the financial position and operations of the Company.



**Brian Walshe**  
Chairman

19 September 2019



**Chris Milne**  
Director

19 September 2019



# STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR ENDED 30 JUNE 2019

	Note	Actual 2019	Budget 2019	Actual 2018
<b>Revenue</b>				
Rental revenue	2	2,139,247	2,120,365	1,996,481
Other user charges		63,326	64,191	59,409
Interest revenue	3	7,988	-	8,958
Product sales		207,496	165,000	194,263
Other revenue		20,490	10,000	20,626
<b>Total revenue</b>		<b>2,438,547</b>	<b>2,359,556</b>	<b>2,279,737</b>
<b>Expenses</b>				
Personnel expenses	4	419,671	402,100	379,401
Operating expenses	5	907,623	673,748	772,426
Finance expenses	3	103,005	103,005	107,442
Revaluation write down		-	-	119,121
Product cost of sales		182,993	154,000	158,191
Depreciation and amortisation	12	396,206	430,000	405,997
<b>Total expenses</b>		<b>2,009,498</b>	<b>1,762,852</b>	<b>1,942,578</b>
<b>Surplus/(Deficit) before tax</b>		<b>429,049</b>	<b>596,704</b>	<b>337,159</b>
Income tax expense	6	-	-	-
<b>Surplus/(Deficit) after tax</b>		<b>429,049</b>	<b>596,704</b>	<b>337,159</b>
<b>Other comprehensive revenue and expense</b>				
<i>Items that will not be reclassified to surplus / (deficit)</i>				
Gain on Land Revaluation		-	-	2,352,842
Less tax on Revaluation		-	-	-
<b>Total other comprehensive revenue and expense</b>		<b>-</b>	<b>-</b>	<b>2,352,842</b>
<b>Total comprehensive revenue and expense</b>		<b>429,049</b>	<b>596,704</b>	<b>2,690,001</b>

Note: Total budgeted Revenue agrees with the 2018/19 Statement of Intent (SOI). However \$1,844,277 has been re-classified from Other user charges to Rentals being Marina rentals to align with the prior and current year's treatment.

Explanations of the major variances against budget are provided in note 21. The accompanying notes form part of these statements.

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

	Actual 2019	Budget 2019	Actual 2018
Balance at 1 July	8,507,168	8,613,891	5,817,167
Total comprehensive revenue and expense for the year	429,049	596,704	2,690,001
<b>Balance at 30 June</b>	<b>8,936,217</b>	<b>9,210,595</b>	<b>8,507,168</b>

Explanations of the major variances against budget are provided in note 21. The accompanying notes form part of these statements.

**STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019**

	Note	Actual 2019	Budget 2019	Actual 2018
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	7	656,429	134,731	676,898
Debtors and other receivables	8	38,472	51,794	51,610
Inventory	9	21,204	9,770	17,973
Prepayments		7,394	-	9,036
<b>Total current assets</b>		<b>723,499</b>	<b>196,295</b>	<b>755,517</b>
<b>NON CURRENT ASSETS</b>				
Property, plant and equipment	12	10,769,439	10,504,437	10,245,812
Intangible assets	12	1,257	1,257	1,317
Assets under construction		363,571	1,472,578	680,580
<b>Total non current assets</b>		<b>11,134,267</b>	<b>11,978,272</b>	<b>10,927,709</b>
<b>Total assets</b>		<b>11,857,766</b>	<b>12,174,567</b>	<b>11,683,226</b>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Payables and deferred revenue	10	176,309	238,211	251,314
Employee entitlements	15	26,521	25,761	22,456
Borrowings	11	-	-	-
Advances from related parties	13	18,720	-	202,288
<b>Total current liabilities</b>		<b>221,550</b>	<b>263,972</b>	<b>476,058</b>
<b>NON CURRENT LIABILITIES</b>				
Borrowings	11	2,700,000	2,700,000	2,700,000
<b>Total non current liabilities</b>		<b>2,700,000</b>	<b>2,700,000</b>	<b>2,700,000</b>
<b>Total liabilities</b>		<b>2,921,550</b>	<b>2,963,972</b>	<b>3,176,058</b>
<b>Net assets (assets minus liabilities)</b>	14	<b>8,936,217</b>	<b>9,210,595</b>	<b>8,507,168</b>
<b>EQUITY</b>				
Accumulated funds		(14,698,528)	(14,424,150)	(15,127,577)
Revaluation reserve		2,352,842	2,352,842	2,352,842
Share capital		21,281,903	21,281,903	21,281,903
<b>Total equity</b>	14	<b>8,936,217</b>	<b>9,210,595</b>	<b>8,507,168</b>

**Note:** The 2018/19 Statement of Intent (SOI) shows Prepayments of \$9,770 and Inventory of nil. This error has been corrected for under Current Assets.

Explanations of the major variances against budget are provided in note 21. The accompanying notes form part of these statements.

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019**

	Actual 2019	Budget 2019	Actual 2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<i>Cash was provided from:</i>			
Receipts from rentals	2,152,385	2,249,752	1,986,105
Interest received	7,988	-	8,958
Receipts from user charges and other income	292,938	55,190	272,840
	<b>2,453,311</b>	<b>2,304,942</b>	<b>2,267,903</b>
<i>Cash was applied to:</i>			
Payments to employees	(415,606)	(406,960)	(380,775)
Payments to suppliers	(1,173,835)	(612,575)	(829,797)
Interest paid	(103,005)	(103,005)	(107,442)
	<b>(1,692,446)</b>	<b>(1,122,540)</b>	<b>(1,318,014)</b>
<b>Net cash flows from operating activities</b>	<b>760,865</b>	<b>1,182,402</b>	<b>949,889</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<i>Cash was provided from:</i>			
Sale of assets held for sale	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>
<i>Cash was applied to:</i>			
Purchase of property, plant and equipment	(311,186)	(1,523,443)	(153,340)
Purchase of assets under construction	(286,580)	-	(605,512)
	<b>(597,766)</b>	<b>(1,523,443)</b>	<b>(758,852)</b>
<b>Net cash flows from investing activities</b>	<b>(597,766)</b>	<b>(1,523,443)</b>	<b>(758,852)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<i>Cash was provided from:</i>			
Proceeds from borrowings - Hutt City Council	-	-	64,092
	<b>-</b>	<b>-</b>	<b>64,092</b>
<i>Cash was applied to:</i>			
Repayment of borrowings - Hutt City Council	(183,568)	(424,147)	-
	<b>(183,568)</b>	<b>(424,147)</b>	<b>-</b>
<b>Net cash flows from financing activities</b>	<b>(183,568)</b>	<b>(424,147)</b>	<b>64,092</b>
<b>Net increase / (decrease) in cash, and cash equivalents</b>	<b>(20,469)</b>	<b>(765,188)</b>	<b>255,129</b>
Cash, cash equivalents and bank overdrafts at beginning of the year	676,898	899,919	421,769
<b>Cash, and cash equivalents at the end of the year</b>	<b>656,429</b>	<b>134,731</b>	<b>676,898</b>

Explanations of the major variances against budget are provided in note 21. The accompanying notes form part of these statements.

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## NOTES TO THE FINANCIAL STATEMENTS

### 1 Statement of Accounting Policies

#### REPORTING ENTITY

Seaview Marina Limited (SML) is a Council Controlled Organisation (CCO), 100 per cent owned by Hutt City Council.

The primary objective of SML is the operation of a marina which benefits the community of Hutt City. SML is designated a public benefit entity for financial reporting purposes.

The financial statements of SML are for the year ended 30 June 2019. The financial statements were authorised for issue by the Board of Directors on 19 September 2019.

#### BASIS OF PREPARATION

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

#### Statement of compliance

These financial statements have been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP). They comply with IPSAS and other applicable Financial Reporting Standards, as appropriate for public benefit entities (PBE) that apply Tier 2 PBE accounting standards. As SML's total expenses are under \$30,000,000, it has elected to apply Tier 2 PBE accounting standards.

#### New Accounting Standards

No new standards or interpretations applicable to SML have been adopted early.

#### Measurement base

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The financial statements have been prepared on a historical cost basis, modified by the revaluation of land and buildings.

#### Functional and presentation currency

The financial statements are presented in New Zealand dollars and all values have been rounded to the nearest dollar. The functional currency of SML is New Zealand dollars.

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

#### Goods and services Tax

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are presented 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 (IRD) is included as part of receivables or payables in the Statement of Financial Position.

Commitments and contingencies are disclosed exclusive of GST.

The net GST paid to, or received from, the IRD, including the GST relating to investing and financing activities is classified as an operating cash flow in the statement of cash flows.

#### Critical accounting estimates and assumptions

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



**2 Rental revenue**  
**Accounting policy**

Revenue is measured at the fair value of consideration received. Revenue from the 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. Sales of goods are recognised when a product is sold to the customer. 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.

	2019	2018
Berth and trailer park rentals	1,630,951	1,496,735
Boat lifts and hardstand rentals	200,771	208,485
Wellington marine centre rentals	307,525	291,261
Other rentals	-	-
<b>Total rental revenue</b>	<b>2,139,247</b>	<b>1,996,481</b>

**3 Interest revenue and finance expenses**  
**Accounting policy**

Interest revenue is recognised using the effective interest method.

	2019	2018
<b>Interest revenue</b>		
Call and term deposits	7,988	8,958
Related party deposits	-	-
<b>Total interest revenue</b>	<b>7,988</b>	<b>8,958</b>
<b>Finance expenses</b>		
Call and term deposits	-	-
Related party loans	103,005	107,442
<b>Total finance expenses</b>	<b>103,005</b>	<b>107,442</b>
<b>Net finance expenses</b>	<b>(95,017)</b>	<b>(98,484)</b>

**4 Personnel expenses**

	2019	2018
Salaries and wages	372,654	334,542
Employer contributions to defined contribution plans	11,170	9,393
Training	4,645	3,879
Other employee expenses	27,137	32,961
Increase/(decrease) in employee entitlements/liabilities	4,065	(1,374)
<b>Total personnel expenses</b>	<b>419,671</b>	<b>379,401</b>

**5 Operating expenses**

	2019	2018
Directors' fees	45,638	44,852
Electricity	73,753	79,224
Insurance	120,533	89,420
Vehicle lease expenses	-	2,285
Operational contracts	261,925	228,190
Equipment purchases	2,881	6,597
Legal expenses	6,904	10,772
Fees for the audit of the financial statements	14,756	14,552
Specialist services	83,394	22,618
Shared services cost	46,400	29,400
Promotion expenses	20,213	29,217
Impairment of receivables	-	2,983
Bad debts written off	-	156
Printing and stationery	4,701	5,885
Maintenance	64,231	54,526
Rates and water charges	99,165	99,618
Other expenses	63,129	52,331
<b>Total operating expenses</b>	<b>907,623</b>	<b>772,426</b>

## 6 Taxation

### Accounting policy

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, and 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 at 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 tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates 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.

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

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.

	2019	2018
<b>Net surplus / (Deficit) before tax</b>	<b>429,049</b>	337,159
Tax at 28%	120,133	94,404
Non-deductible expenditure	240	439
Deferred tax adjustment	(120,373)	(94,843)
<b>Tax expense</b>	<b>-</b>	-
Current tax	-	-
Deferred tax	-	-

	Property, Plant & Equipment	Employee Entitlements	Other Provisions	Tax Losses	Total
<b>Balance at 30 June 2017</b>	(620,597)	6,672	869	613,056	-
Charged to surplus or deficit	(61,078)	(384)	(34)	61,496	-
Charged to other comprehensive income	-	-	-	-	-
<b>Balance at 30 June 2018</b>	<b>(681,675)</b>	<b>6,288</b>	<b>835</b>	<b>674,552</b>	-
Charged to surplus or deficit	(32,810)	1,138	(292)	31,964	-
Charged to other comprehensive income	-	-	-	-	-
<b>Balance at 30 June 2019</b>	<b>(714,485)</b>	<b>7,426</b>	<b>543</b>	<b>706,516</b>	-

A deferred tax asset has not been recognised in relation to tax losses of \$6,058,129 (2018: \$7,128,855) with a tax effect of \$1,696,276 (2018: \$1,996,080). Total tax losses of \$8,581,401 (2018: \$9,537,970) are available to offset against future taxable income.

It is expected that tax losses of \$587,584 will be transferred to Urban Plus Limited by loss offset.

## 7 Cash and cash equivalents

### Accounting policy

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. The carrying value of cash at bank and term deposits with maturities less than three months approximate their fair value. SML does not hold funds (included in cash or cash equivalents) with restrictions specifying how the funds are to be spent.

	2019	2018
Cash at bank and on hand	656,429	676,898
Term deposits with maturities less than three months at inception	-	-
<b>Cash and cash equivalents</b>	<b>656,429</b>	<b>676,898</b>

Cash, cash equivalents and bank overdrafts include the following for the purposes of the statement of cash flows:

	2019	2018
Cash at bank and on hand	656,429	676,898
Term deposits with maturities less than three months at inception	-	-
Bank overdrafts	-	-
<b>Total</b>	<b>656,429</b>	<b>676,898</b>

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## 8 Debtors and other receivables

### Accounting policy

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.

	2019	2018
Rent receivable	40,412	54,593
<b>Gross debtors and other receivables</b>	<b>40,412</b>	<b>54,593</b>
Less provision for impairment	(1,940)	(2,983)
<b>Total debtors and other receivables</b>	<b>38,472</b>	<b>51,610</b>

### Fair value

Debtors and other receivables are non-interest bearing and receipts is normally on 30-day terms, therefore the carrying value of debtors and other receivables approximates their fair value.

### Impairment

The carrying amount of receivables that would otherwise be past due or impaired, whose terms have been renegotiated is \$nil (2018: \$nil).

The impairment provision has been calculated based on expected losses for the SML's pool of debtors. Expected losses have been determined based on an analysis of the SML's losses in previous periods, and review of specific debtors as detailed below:

	2019	2018
Individual impairment	1,940	2,983
Collective impairment	-	-
<b>Total provision for impairment</b>	<b>1,940</b>	<b>2,983</b>

	2019	2018
<b>At 1 July</b>	<b>(2,983)</b>	<b>(2,438)</b>
Additional provisions made during the year	(1,940)	(2,983)
Provisions reversed during the year	2,983	2,438
Receivables written-off during the period	-	-
<b>At 30 June</b>	<b>(1,940)</b>	<b>(2,983)</b>

At 30 June 2019 no boats are held as collateral for unpaid debts. (2018: One boat was held as collateral for an unpaid debt). No other collateral, as security or other credit enhancements over receivables that are either past due or impaired, are held.

## 9 Inventory

### Accounting policy

Inventory is recorded at cost on a first in – first out basis

	2019	2018
Commercial inventories held for sale:		
Diesel	21,204	15,343
Other items	-	2,630
<b>Total inventory</b>	<b>21,204</b>	<b>17,973</b>

No inventory is pledged as security for liabilities (2018: \$nil).

## 10 Payables and deferred revenue

### Accounting policy

Short term creditors and other payables are recorded at their face value.

	2019	2018
Deposits and bonds	1,770	1,770
Trade payables and accrued expenses	125,792	207,422
Rentals in advance	48,747	42,122
<b>Total payables and deferred revenue</b>	<b>176,309</b>	<b>251,314</b>

## 11 Borrowings

### Accounting policy

Borrowings are initially recognised at their fair value plus transaction costs. After initial recognition, all borrowings are measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless SML has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

### Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

	2019	2018
<b>Current portion</b>		
Loans from related parties	-	-
<b>Total current portion</b>	<b>-</b>	<b>-</b>
<b>Non-current portion</b>		
Loans from related parties	2,700,000	2,700,000
<b>Total non-current portion</b>	<b>2,700,000</b>	<b>2,700,000</b>
<b>Total borrowings</b>	<b>2,700,000</b>	<b>2,700,000</b>

No securities are held over the borrowings.

## 12 Property, plant and equipment and Intangibles

### Accounting Policy

#### Property, plant and equipment

Land is measured at fair value, and buildings are measured at fair value less accumulated depreciation. All other asset classes are measured at cost less accumulated depreciation and impairment losses.

#### Additions

Expenditure of a capital nature of \$500 or more has been capitalised. Expenditure of less than \$500 has been charged to operating expenditure. 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 SML and the cost of the item can be measured reliably.

Labour costs relating to self-constructed assets are capitalised if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to SML and the cost of the item can be measured reliably.

Assets under construction are recognised at cost less impairment and are not depreciated.

#### 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 recognised in the Statement of Comprehensive revenue and expense.

#### Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to SML and the cost of the item can be measured reliably.

#### Revaluation

Land and buildings were revalued for the first time last financial year. They are reviewed each year to ensure that their carrying amount does not differ materially from fair value, and are revalued when there has been a material change. All other asset classes are carried at depreciated historical cost. Revaluation movements are accounted for on a class of asset basis.

The net revaluation results are credited or debited to other comprehensive revenue and expenses and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expenses but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expenses.

#### Depreciation

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

Estimated economic lives	Years	Rate
Buildings	5 - 53 years	1.8% - 20%
Service Centre	5 - 60 years	1.7% - 20%
Site improvements	3 - 80 years	1.25% - 33.3%
Piers and marina berths	4 - 80 years	1.25% - 25%
Plant and equipment	1.5 - 80	1.25% - 67%
Vehicles	5	20%

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

#### Intangible assets

##### Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software are recognised as an expense when incurred. Costs that are directly associated with the development of software for internal use by SML, are recognised as an intangible asset.

##### 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 period is recognised in the Statement of Comprehensive revenue and expense.

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

Estimated economic lives	Years	Rate
Computer software	2.5 - 33	3% - 40%



#### **Impairment of non-financial assets**

Assets with a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. The total impairment loss is recognised in the Statement of Comprehensive revenue and expense.

#### **Estimation of the useful life and residual value of property, plant and equipment**

At each balance date, SML reviews the useful lives and residual values of its property, plant and equipment. Assessing the appropriateness of useful life and residual value estimates requires SML to consider a number of factors such as the physical condition of the asset, expected period of use of the asset by SML, 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. SML minimises the risk of this estimation uncertainty by:

- Physical inspection of assets;
- Asset replacement programs;
- Review of second hand market prices for similar assets; and
- Analysis of prior asset sales.

25

The last valuation of Land and Buildings was undertaken by Aon Valuation Services as at 31 December 2017.



13 Advances from related parties

	2019	2018
<b>Current portion</b>		
Due from related parties	18,720	202,288
<b>Total other liabilities - current portion</b>	<b>18,720</b>	<b>202,288</b>
<b>Total other liabilities</b>	<b>18,720</b>	<b>202,288</b>

14 Equity

	2019	2018
<b>Accumulated funds</b>		
Balance at beginning of the year	(15,127,577)	(15,464,736)
Net surplus/(deficit) after tax	429,049	337,159
<b>Balance at end of the year</b>	<b>(14,698,528)</b>	<b>(15,127,577)</b>

	2019	2018
<b>Share capital</b>		
Balance at beginning of the year	21,281,903	21,281,903
Movements during the year	-	-
<b>Balance at end of the year</b>	<b>21,281,903</b>	<b>21,281,903</b>

	2019	2018
<b>Asset revaluation reserve</b>		
Balance at beginning of the year	2,352,842	-
Movements during the year from revaluation	-	2,352,842
<b>Balance at end of the year</b>	<b>2,352,842</b>	<b>2,352,842</b>

	2019	2018
<b>Asset revaluation reserve consists of:</b>		
Land	2,352,842	2,352,842
<b>Balance at end of the year</b>	<b>2,352,842</b>	<b>2,352,842</b>

	2019	2018
<b>Total equity</b>		
Balance at beginning of the year	8,507,168	5,817,167
Movements during the year	429,049	2,690,001
<b>Balance at end of the year</b>	<b>8,936,217</b>	<b>8,507,168</b>

Equity is Hutt City Council's interest in SML, being a 100 % 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;
- Share capital; and,
- Land revaluation reserve (this reserve relates to the revaluation of land to fair value as at 31 December 2017).

As at 30 June 2019, SML had 6,000,000 ordinary shares on issue, all of which are fully paid. Ordinary shares have a face value of \$3.55 per share. No shares were outstanding at the beginning or the end of the year. No rights, preferences or restrictions attach to the shares. The shares in SML are held by the controlling entity Hutt City Council. No shares are reserved for issuance under options and sales contracts.

Registered holders of equity shares as at 30 June 2019	2019	2019	2018	2018
Hutt City Council	6,000,000	100%	6,000,000	100%

15 Employee entitlements

Accounting Policy  
Short-term entitlements

Employee benefits that SML 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 and annual leave earned to, but not yet taken at balance date.

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

	2019	2018
<b>Current portion</b>		
Annual leave	26,521	22,456
<b>Total employee entitlements - current portion</b>	<b>26,521</b>	<b>22,456</b>
<b>Total employee entitlements</b>	<b>26,521</b>	<b>22,456</b>

## 16 Financial Instruments

### Accounting policy

SML is party to financial instrument arrangements as part of its normal operations. Revenue and expenses in relation to all financial instruments are recognised in the Statement of Comprehensive Revenue and Expenses.

Financial instruments are recognised in the Statement of Financial Position on the basis of the SML's accounting policies as follows:

Financial assets disclosed on the Statement of Financial Position are recorded at amortised cost.

Financial assets, such as receivables & loans are assessed for impairment using the "expected credit loss" model based on whether a significant increase in the general level of credit risk has occurred.

Financial liabilities are recorded at amortised cost.

	2019	2018
<b>Financial Assets</b>		
<i>Loans and receivables at amortised cost</i>		
Cash and cash equivalents	656,429	676,898
Debtors and other receivables	38,472	51,610
<i>Other financial assets:</i>		
Loans to related parties	-	-
<b>Total financial assets at amortised cost</b>	<b>694,901</b>	<b>728,508</b>
<b>Financial Liabilities</b>		
<i>Financial liabilities at amortised cost</i>		
Borrowings	2,700,000	2,700,000
Advances from related parties	18,720	202,288
Trade and other payables	127,562	251,314
<b>Total financial liabilities at amortised cost</b>	<b>2,846,282</b>	<b>3,153,602</b>

## 17 Remuneration

Key management personnel consist of the Board and the Chief Executive.

Senior Management Remuneration	2019	2018
<b>Senior Management</b>		
Total remuneration	136,474	134,121
<b>Full-time equivalent members</b>	<b>1.0</b>	<b>1.0</b>
<b>Remuneration of Board Members</b>		
B Walshe (Chairman)	19,560	19,223
P Steel	13,039	12,815
C Milne	13,039	12,815
<b>Total remuneration</b>	<b>45,638</b>	<b>44,852</b>
<b>Number of Board members, including Chair</b>	<b>3.0</b>	<b>3.0</b>

Due to the difficulty in determining the full-time equivalent for Board members, the full-time equivalent figure is taken as the number of Board members.

Total remuneration includes any non-financial benefits provided to employees. At balance date, SML employed 5.5 full time employees (2018: 4.5). A full time employee is determined on the basis of a 40 hour working week.

### Severance Payments

No severance payments were made by SML during the year (2018: \$Nil).

## 18 Related party disclosures

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

Related party disclosures have also not been made for transactions with entities within the Council group (such as funding and financing flows), where the transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such group transactions.

### Related Party Transaction Required to be Disclosed

A related party transaction has been entered into with UPL to transfer \$587,583 of SML's tax losses at no cost to UPL.

## 19 Capital commitments and operating leases

### *Capital commitments*

SML had no commitments for capital expenditure as at 30 June 2019 (2018: \$50,766).

### *Operating leases as lessor*

#### *Accounting policy*

##### *Operating leases*

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease revenue from operating leases are recognised as revenue on a straight-line basis over the lease term.

##### *Finance leases*

SML has not entered into any finance leases.

The units within the Wellington Marine Centre are leased under operating leases. The majority of leases have a non-cancellable term of 36 months, some with rights of renewal. The future aggregate minimum lease payments to be collected under non-cancellable leases are as follows:

	2019	2018
Not later than one year	202,273	213,254
Later than one year and not later than five years	308,657	305,563
Later than five years	-	4,650
	<b>\$10,930</b>	<b>\$23,467</b>

## 20 Contingent liabilities and assets

### *Contingent assets*

As at 30 June 2019 SML had no contingent assets (2018: \$nil).

### *Contingent liabilities*

As at 30 June 2019 SML had no contingent liabilities (\$2018: Nil).



## 21 Explanation of major variance against budget

The Surplus after tax was \$429k (2018: \$337k) for the year ended 30 June 2019. This was below budget by \$168k (2018: \$124k).

### Operating Revenue

Operating revenue was above budget by \$79k, and \$159k ahead of last financial year. Revenue continued to perform strongly, largely due to improving Boat Storage, and Tenancy rentals at the Wellington Marine Centre, which are ahead of last financial year.

### Operating expenses

Total expenses are \$247k above budget, and \$67k higher than last financial year, and include \$51k of prior year expenses previously recognized as work in progress. The balance of \$186k is mainly due to higher than planned insurance, utilities, environmental services, and maintenance. Utilities and environmental expenses, accounting for just over half of the \$186k, are a reflection of increasing users and pedestrian traffic at the Marina resulting in downstream effects. Finance expenses are exactly in line with budget, and depreciation is below budget due to the decision not to proceed with the Southern Toilet Block and to complete some projects next year (e.g. the Fibre network system and Cafe development).

### Statement of Financial Position

Cash was in line with the prior year and above budget due to the capital programme being lower than planned. Non-Current assets are higher due to the completion of H pier development and the Western walkway in July of the current financial year. Total liabilities are lower than planned due to fewer outstanding creditors.

### Statement of Cash Flows

SML has continued to maintain a positive cash flow. Operating activities are positive, reflecting the increased berth occupancy in Boat Storage and Tenancy revenue compared with the previous year. Investing activities saw expenditure on a range of large and small-scale developments during the year, including the completed H pier development and the Western walkway.

## 22 Events after balance date

There have been no significant events after balance date (2018: No significant event after balance date).

## 23 Failure to issue a Statement of Intent for the period beginning 1 July 2019, by 30 June 2019

In accordance with Section 64 and Clause 3 of Schedule 8 of the Local Government Act 2002, the Board of Directors are required to complete the company's Statement of Intent for the period beginning 1 July 2019 by 30 June 2019. This requirement has not been met as the Statement of Intent was completed on 10 July 2019, after 30 June 2019.