



SEAVIEW MARINA LIMITED ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2018



CHAIRMAN'S REVIEW

FOR THE YEAR ENDED 30 JUNE 2018

It is pleasing to report another successful year for Seaview Marina Limited (SML) with total income exceeding the \$2.2 million mark for the current financial year and the \$2 million mark for the first time last year. The business is showing good growth and is providing a service that is exceeding expectations of its key stakeholders, the Hutt City Council, users and the Wellington region's wider marine recreation community.

The Board is particularly pleased with the continued improvement in client service, as measured in the 2018 Client Service Survey. The outstanding results are an indication of a client focused attitude of both the board and the marina staff. The service delivery, the facilities and the services provided are all performance rated in the ninety percentile range, with the exception of ground maintenances which was 88%.

After several years without a major in-water development it was exciting to see further development taking place in the south end of the marina basin. Ten large catamaran berths were installed towards the end of the financial year. These will provide the much needed berth capacity for the 14m and 18m berth sizes, both of which are at close to full capacity.

Seaview Marina has become one of New Zealand's best marinas offering a wide range of facilities and services. The board has a clear strategy to continue to add and improve on these while completing the final in-water developments over the next few years.

I would like to thank all my fellow directors, Chris Milne and Peter Steel for their significant input into the achievement of this year's great results. This year's success is in no small way also due to the dedication and effort of marina staff members; Suzanne Willis, her replacement Tracey Alexander, Mike Croft, Ali Watt, Tony Kelly and Alan McLellan, our chief executive. I would also like to thank our shareholder, the Hutt City Council, for its continued support and encouragement.



Brian Walshe
CHAIRMAN

CHIEF EXECUTIVE'S REPORT

FOR THE YEAR ENDED 30 JUNE 2018

SML reported a surplus of \$337,159 for the financial year ending June 2018.

The company achieved a 5.8% percent rate of return on the company's equity position (net assets employed). This was better than the 5 percent minimum required under the company's Statement of Intent.

Financial results

Total revenue of \$2,279,737 was ahead of last year's figure of \$2,100,300, representing an increase of 8.5%.

Seaview Marina made performance improvements over the previous year in a number of areas. The seasonality that was present in previous years was less evident in 2017/2018, resulting in a more even cash flow during the year.

Total expenditure for the year was \$1,942,578 which was 15% over budget and 15% higher than last year. The additional costs related to the staff changes and a revaluation write-down due to the revaluation of buildings at the end of December 2017 (no cash impact).

Finance expenses were lower due to the \$2.7m loan facility being negotiated on more favourable terms. Depreciation was lower than budgeted due to the H Pier development not starting until late in June 2018.

Operational

Seaview Marina's core business is berth rentals, providing almost 50% of the company's revenue. The improved berth occupancy over the year had a significant impact on the improved revenue result. This year rental from the in-water berth rentals achieved 101% of the budget of \$1,116,500.

Trailer park demand remained high throughout the year with the average occupancy averaging over 99%, which resulted in revenue of \$314,555, 7% greater than budget and 9% greater than last year.

The hardstand operation showed growth and exceeded last year's results by 3% and with revenue in the current year of \$208,485 against a budget of \$181,825. This is an indication of the level of service and quality of facilities provided on the hardstand.

Net product sales (gross product sales less cost of product sales) was \$14,666 (or 69%) higher than last year indicating strong demand from SML's commercial licensees.

The launching ramp income is very weather dependant and was behind budget at the start of the financial year, because of poor weather. However a good summer meant it did improve and at the end of financial year revenue of \$31,512 was achieved compared to a budget of \$35,000. Compared with last year revenue the result was 6% lower.

Liveaboard revenue improved against last year's figures with the increase of liveaboard boats peaking at 60. The revenue achieved was \$70,487 being 41% above budget.

The Wellington Marine Centre had only two units untenanted over the past, with unoccupied units wherever possible being filled by casuals. In all it achieved 98% of budgeted revenue and was in line with last year's revenue.

Equity

The company's total equity (net assets employed) position as at the end of the financial year was \$8,507,168 compared with the previous year's position of \$5,817,167. The increase in total equity is mainly due to the gain on revaluation of the company's land, amounting to \$2,352,842, coupled the surplus generated for the year of \$337,159.

Operational

Berth occupancy showed an improvement over last year's average of 82%, averaging just over 86% over the year. The improvement reflected an increased demand for permanent berths, with a strong focus on 12m berths. The trailer parks remained at close to full occupancy during the year with demand remaining strong.

The liveaboard berths number was capped by the board at 60 and while reaching this figure for a couple of months the average was 52 liveaboard vessels. The demand on resources and staff time of this group is high and a consultant was commissioned to provide the board with a review of the liveaboard policy at SML. Future policy will be developed using the findings from this review.

The Wellington Marine Centre provides an essential asset to SML and its clients. The businesses and service providers operating from the units provide both licensees and other external boat owners with a valuable resource. It is certainly one of the reasons why the hardstand business has been so successful.

SML's hardstand is the only facility of its kind in the Wellington Region and has gone from strength to strength over the last three years. It is attracting not only SML boat owners, but also external clients from as far away as the Chatham Islands. The average occupancy achieved was 83%.

Capital Expenditure

With berth occupancy rates steadily improving the board approved the development of ten catamaran berths on the south side of H Pier, but put on hold the development of 10m berths on the north side. The berths are due for completion by the middle of July 2018. In addition, the construction of the western pedestrian walkway was started but bad weather has held up its completion. It will be completed by the end of August 2018. As well as this work four pier gate structures were also purchased and three have been installed, with the final one to be installed in July 2018.

Focus was put into replacing smaller capital items, and replacing assets which had reached their full depreciated life. The key activities included:

- installing new lighting on the hardstand;
- resurfacing damaged tarseal in trailer park A;
- improving security with better quality cameras;
- refurbishing the ablution block; and
- additional health and safety features to all piers.

Health and Safety

Over the 2017/18 financial year, there were no notifiable health and safety issues.

Tony Kelly provided an excellent overview of our health and safety processes and procedures and the board kept a close eye on the company's health and safety performance. Improvements are continuing in improving our health and safety the practices and procedures.

Public Good

Seaview Marina Limited provides free services and facilities to a number of marine related charities/clubs. The board see this as a contribution to the Hutt City Community.

During the year the company supported the activities of the Lowry Bay Yacht Club by providing free berths for visiting yachts competing in the clubs sailing events, as well as prizes for these events.

Sailing for the disabled, run by Sailability, operates from the marina using. The sailing vessels are stored on the marina and operate from one of the spare berths as the marina's contribution to this worthy cause.

NZ Yachting operate their school sailing programme, 'Have a Go Sailing', from the marina. This year around 150 school children experienced the joy of sailing.

The marina also provides a location for the Wellington Radio Controlled Model Yacht Club to race their yachts.



Alan McLellan
CHIEF EXECUTIVE

INTEREST REGISTER

Brian Walshe 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
Chris Milne 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
Peter Steel Director	Commerce Building Limited Taiwan NZ Trade Development Limited Accreditation Council

STATEMENT OF SERVICE PERFORMANCE

Reporting against targets for the 2017/18 financial year

Provision of Services

The occupancy levels for marina berths improved during the year with all 10m, 14m and 18m berths being substantially fully occupied over the year. The 12m and 16m berths continued to have lower occupancy rates but improved on the previous year. The trailer parks remained close to fully occupied during the year. The live aboard numbers increased to the approved level of 60 vessels. The Wellington Marine Centre had unit 10 and 12 empty for the year, although casual income was generated from time to time from each of these units. The hardstand continued to show growth and the occupancy increased by 6% over last year. The full year budget for the hardstand was significantly exceeded. The services provided by the Wellington Marine Centre and the ability to transfer boats up to 20m into a purpose built workshop/paint shop, provides the hardstand with a distinct advantage over other marinas.

Key Performance Indicator	2018 Target	2018 Actual	2017 Target	2017 Actual
Berth Occupancy	85%	86%	94%	82.3%
Trailer Park Occupancy	95%	99%	96%	99.2%
Boat yard occupancy	85%	83%	80%	74.0%
Boat Haul out (lifts per year)	550	547	750	515
Total Revenue	\$2,148,767	\$2,279,739	\$2,218,173	\$2,100,300
Net Surplus*	\$461,080	\$337,159	\$354,003	\$403,749
Return on Investment**	5%	5.8%	5%	7.5%
Manage and operate the marina within its 2017-18 budget	\$1,687,687	\$1,942,578	\$1,864,170	\$1,696,551

*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

Maintenance

The Company continued develop a new Asset Management Plan using the program in the Marina Management Computer system. The transfer from the old Asset Management Plan will facilitate easier monitoring and reporting. The key assets were maintained at 96% of target. Major upgrade of the lighting on the hardstand, replacement of all pedestrian doors on the Wellington Marine Centre and replacing the pier gates on A through to D piers were major maintenance work completed during the year. The on-going refurbishment work on the floating structures (pontoons) continued during the year with angle brackets on fingers being replaced where required.

The new monitoring system for minor maintenance issues was set up on the Company's website in 2017 and this has proved very valuable to both the marina staff and our clients. This has created a drop in performance against target as the volume of minor maintenance items has increased dramatically. It has meant that with limited staff resource it has been impossible to achieve the 2018 target. The Board has agreed to the employment of a dedicated Maintenance/Caretaker to make sure the maintenance work is completed and the target met.

Key Performance Indicator	2018 Target	2018 Actual	2017 Target	2017 Actual
Maintain Asset Management Plans annually as detailed in the operational plan. Completion of maintenance programme.	100% completion by 30 June	95%	Not applicable in 2016/17	Not applicable in 2016/17
Maintain Asset Management Plans as detailed in the operational plan. Review six monthly.	Not applicable in 2017/18	Not applicable in 2017/18	100%	98%
Address non-programmed maintenance within five working days.	100%	81%	95%	96%

Monitoring

Water quality – Achieved

Eurofins NZ continues to monitor the hardstand wash down facilities for contaminants every three months. During the year the levels of contaminants remained within the limits imposed by the Trade Waste Consent. This consent was renewed by the Hutt City Council for the 2017/2018 year.

The National Institute of Water and Atmospheric Research (NIWA) sampled the marina twice during the year for invasive pests. There were none found and Seaview Marina was provided with a clean bill of health.

Client Service

The Client Service Survey is completed every two years and this was completed again early in 2018. The survey response rate was lower than previous years at 47%, but still a very good result given that this is our third survey. Overall the marina performed exceptionally well and overall the results were an improvement on the last two surveys. For the second year the Net Promotor Number was calculated and this dropped slightly from the previous figure of 51 down to 47. However this remained a very high figure for any industry and Seaview Marina can be very satisfied with its strong client service culture.

Measurement	2018 Target	2018 Actual (annual survey)	2017 Actual (monthly client survey)
Overall Customer Satisfaction	85%	94%	91% (9.1/10)

Management

A significant change in staff occurred in October 2017 with the retirement of Suzanne Willis after 12 years of service. Fortunately a very capable replacement in Tracey Alexander has meant the normal high level of service of our administration team has been maintained. It is pleasing that the management of the marina in our Client Service Survey with an approval rating of 96.4% - an outstanding result. The haul out part of our business was rated at 93.3% approval rating overall.

The small team of four full time staff and one part time staff member operates as a close knit team. Staff meetings are held regularly with Health and Safety a key item with all staff providing input.

Maintenance of the increasingly complex marina facilities and grounds has become a significant part of the work load and we have struggled to keep up with the growing maintenance. Because of this the board has approved a full time maintenance/ caretaker role and the new employee will begin in August 2018.

Three staff members attended the NZMOA conference in Christchurch and Tony Kelly attended a boatyard forum in Auckland. Also three staff members renewed their first aid certificates.

Staff numbers will increase by 1.3 FTE in 2018/2019 bringing the complement to 5.5 FTE, after remaining at 4.2 FTE's for the last four years. It is seen as important to have the staff in the future to maintain Seaview Marina's high level of client service.

Development

The Board decided that with berth occupancy rates improving to 86% the major development of commercial berths on the south side of H Pier would be installed during the year but the 10m berths on the north side would wait until occupancy rates improved more.

Key Performance Indicator	2018 Target	2018 Actual
Commercial Pier & Fuel Wharf.	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.	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.	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

Public Access

Seaview Marina Limited's Statement of Intent requires the Company to provide facilities and activities which encourage the general public to use the marina for recreation. Over the last twelve months Seaview Marina has continued with initiatives have been done to provide for more participation by the general public.

Key Performance Indicator	2018 Target	2018 Actual
Develop a strategy that will encourage the public to use the marina	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.

Compliance with Financial, Technical and Regulatory Standards

Key Performance Indicator	2018 Target	2018 Actual	2017	2016
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.	100%	100%	100%	100%

Health and Safety

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.

There were no notifiable Health and Safety events reported during the 2017/2018 year. The Hazards Register is updated by the Company's new 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. This will be rolled out to all licensees in the future.

The safety on the hardstand continues to be a high priority because of the number of potential hazards. Staff are continually improving processes and procedures to limit any potential issues. During the year working at height has been a concern and this has been improved with the addition of safe, portable scaffold platforms.



Independent Auditor's Report

To the readers of Seaview Marina Limited's financial statements and performance information for the year ended 30 June 2018

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 16 to 33, that comprise the statement of financial position as at 30 June 2018, 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 7 to 11.

In our opinion:

- the financial statements of the company on pages 16 to 33:
 - 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 Standards Reduced Disclosure Regime; and
- the performance information of the company on pages 7 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 2018.

Our audit was completed on 20 September 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 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 6, 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.



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 these financial statements. 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 financial 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 2018 fairly reflect the financial position and operations of the Company.



Brian Walshe

Chairman

20 September 2018



Chris Milne

Director

20 September 2018

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR ENDED 30 JUNE 2018

	Note	Actual 2018	Budget 2018	Actual 2017
Revenue				
Rental revenue	2	1,996,481	1,938,767	1,873,821
Other user charges		59,409	35,000	58,918
Interest revenue	3	8,958	-	944
Product sales		194,263	165,000	138,819
Other revenue		20,626	10,000	27,798
Total revenue		2,279,737	2,148,767	2,100,300
Expenses				
Personnel expenses	4	379,401	309,920	326,015
Operating expenses	5	772,426	644,169	675,126
Finance expenses	3	107,442	161,353	162,409
Asset write offs		-	-	2,933
Revaluation write down		119,121	-	-
Product cost of sales		158,191	154,000	117,413
Depreciation and amortisation	10	405,997	418,245	412,655
Total expenses		1,942,578	1,687,687	1,696,551
Surplus/(Deficit) before tax		337,159	461,080	403,749
Income tax expense	6	-	-	-
Surplus/(Deficit) after tax		337,159	461,080	403,749
Other comprehensive revenue and expense				
<i>Items that will not be reclassified to surplus / (deficit)</i>				
Gain on land revaluation		2,352,842	-	-
Less tax on revaluation		-	-	-
Total other comprehensive revenue and expense		2,352,842	-	-
Total comprehensive revenue and expense		2,690,001	461,080	403,749

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 2018

	Actual 2018	Budget 2018	Actual 2017
Balance at 1 July	5,817,167	5,783,021	5,413,418
Total comprehensive revenue and expense for the year	2,690,001	461,080	403,749
Balance at 30 June	8,507,168	6,244,101	5,817,167

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 2018

	Note	Actual 2018	Budget 2018	Actual 2017
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	7	676,898	77,854	421,769
Debtors and other receivables	8	51,610	19,128	41,234
Inventory	9	17,973	5,640	11,429
Prepayments		9,036	3,128	442
Total current assets		755,517	105,750	474,874
NON CURRENT ASSETS				
Property, plant and equipment	10	10,245,812	8,755,236	8,264,688
Intangible assets	10	1,317	1,317	1,378
Assets under construction		680,580	-	75,069
Total non current assets		10,927,709	8,756,553	8,341,135
Total assets		11,683,226	8,862,303	8,816,009
LIABILITIES				
CURRENT LIABILITIES				
Payables and deferred revenue	11	251,314	76,884	136,815
Employee entitlements	13	22,456	16,318	23,830
Borrowings	12	-	-	2,700,000
Advances from related parties	14	202,288	-	138,197
Total current liabilities		476,058	93,202	2,998,842
NON CURRENT LIABILITIES				
Borrowings	12	2,700,000	2,525,000	-
Total non current liabilities		2,700,000	2,525,000	-
Total liabilities		3,176,058	2,618,202	2,998,842
Net assets (assets minus liabilities)	15	8,507,168	6,244,101	5,817,167
EQUITY				
Accumulated funds		(15,127,577)	(15,037,802)	(15,464,736)
Revaluation reserve		2,352,842	-	-
Share capital		21,281,903	21,281,903	21,281,903
Total equity	15	8,507,168	6,244,101	5,817,167

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 2018

	Actual 2018	Budget 2018	Actual 2017
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Cash was provided from:</i>			
Receipts from rentals	1,986,105	1,787,574	1,844,190
Interest received	8,958	-	944
Receipts from user charges and other income	272,840	356,825	241,931
	2,267,903	2,144,399	2,087,065
<i>Cash was applied to:</i>			
Payments to employees	(380,775)	(309,314)	(317,291)
Payments to suppliers	(829,797)	(794,094)	(757,722)
Interest paid	(107,442)	(161,353)	(162,409)
	(1,318,014)	(1,264,761)	(1,237,422)
Net cash flows from operating activities	949,889	879,638	849,643
CASH FLOWS FROM INVESTING ACTIVITIES			
<i>Cash was provided from:</i>			
Sale of assets held for sale	-	-	-
	-	-	-
<i>Cash was applied to:</i>			
Purchase of property, plant and equipment	(153,340)	(795,000)	(293,588)
Purchase of assets under construction	(605,512)	-	(55,491)
	(758,852)	(795,000)	(349,079)
Net cash flows from investing activities	(758,852)	(795,000)	(349,079)
CASH FLOWS FROM FINANCING ACTIVITIES			
<i>Cash was provided from:</i>			
Proceeds from borrowings - Hutt City Council	64,092	-	-
	64,092	-	-
<i>Cash was applied to:</i>			
Repayment of borrowings - Hutt City Council	-	(191,698)	(310,877)
	-	(191,698)	(310,877)
Net cash flows from financing activities	64,092	(191,698)	(310,877)
Net increase / (decrease) in cash, cash equivalents and bank overdrafts	255,129	(107,060)	189,687
Cash, cash equivalents and bank overdrafts at beginning of the year	421,769	184,914	232,082
Cash, cash equivalents and bank overdrafts at the end of the year	676,898	77,854	421,769

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

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 2018. The financial statements were authorised for issue by the Board of Directors on 20 September 2018.

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.

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.

Changes in accounting policies

A change in accounting policies was introduced in 2017/18 with the decision to independently value the company's land and buildings as at 31 December 2017. Further information is provided in Note 10 (Property, plant and equipment).

SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

Revenue

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.

Interest revenue is recognised using the effective interest method.

Cash and cash equivalents

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.

Trade debtors and other receivables

Trade 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.

Inventory

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

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 this financial year. In future they will be revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three years. 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	1.8% - 20%
Service Centre	5 - 60	1.7% - 20%
Site improvements	3 - 80	1.25% - 33.3%
Piers and marina berths	4 - 80	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.

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.

Employee entitlements

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.

Payables

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

Provisions

SML recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

Borrowings

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.

Income tax

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

Current tax is the amount of income tax payable based on the taxable profit for the current year, 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.

Leases

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 payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Finance leases

SML has not entered into any material finance leases.

Financial instruments

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

All financial instruments are recognised in the Statement of Financial Position on the basis of SML's accounting policies. All financial instruments disclosed on the Statement of Financial Position are recorded at fair value.

Budget figures

The budget figures are those approved by the Board at the beginning of the year. The budget figures have been prepared in accordance with generally accepted accounting practice (GAAP), using accounting policies that are consistent with those adopted by the Board for the preparation of the financial statements.

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:

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.

SML had its land building valued by an independent registered valuer, AON Valuation Services. The valuation is effective as at 31 December 2017. Further detail is disclosed in note 10.

2. Rental revenue

	2018	2017
Berth and trailer park rentals	1,496,735	1,376,874
Boat lifts and hardstand rentals	208,485	201,916
Wellington marine centre rentals	291,261	292,046
Other rentals	-	2,985
Total rental revenue	1,996,481	1,873,821

3. Interest revenue and finance expenses

	2018	2017
Interest revenue		
- call and term deposits	8,958	944
- related party deposits	-	-
Total interest revenue	8,958	944
Finance expenses		
- call and term loans	-	-
- related party loans	107,442	162,409
Total finance expenses	107,442	162,409
Net finance expenses	(98,484)	(161,465)

4. Personnel expenses

	2018	2017
Salaries and wages	334,542	270,760
Employer contributions to defined contribution plans	9,393	8,632
Training	3,879	4,397
Other employee expenses	32,961	33,501
Increase/(decrease) in employee entitlements/liabilities	(1,374)	8,725
Total personnel expenses	379,401	326,015

5. Operating expenses

	2018	2017
Directors' fees	44,852	43,875
Electricity	79,224	20,569
Insurance	89,420	84,141
Vehicle lease expenses	2,285	1,338
Operational contracts	228,190	199,252
Equipment purchases	6,597	4,405
Legal expenses	10,772	6,909
Fees for the audit of the financial statements	14,552	14,368
Specialist services	22,618	29,951
Shared services cost	29,400	26,000
Promotion expenses	29,217	41,626
Impairment of receivables	2,983	2,438
Bad debts written off	156	1,333
Printing and stationery	5,685	3,701
Maintenance	54,526	67,113
Rates and water charges	99,618	86,769
Other expenses	52,331	41,338
Total operating expenses	772,426	675,126

6. Taxation

	2018	2017
Net surplus/(deficit) before tax	337,159	403,749
Tax at 28%	94,404	113,050
Non-deductible expenditure	439	-
Deferred tax adjustment	(94,843)	(113,050)
Tax expense	-	-
Current tax	-	-
Deferred tax adjustment	-	-

There are no imputation credits available for use.

	Property, Plant & Equipment	Employee Entitlements	Other Provisions	Tax Losses	Total
Balance at 30 June 2016	(618,272)	4,230	2,027	612,015	-
Charged to surplus or deficit	(2,325)	2,442	(1,158)	1,041	-
Charged to other comprehensive revenue	-	-	-	-	-
Balance at 30 June 2017	(620,597)	6,672	869	613,056	-
Charged to surplus or deficit	(61,078)	(384)	(34)	61,496	-
Charged to other comprehensive revenue	-	-	-	-	-
Balance at 30 June 2018	(681,675)	6,288	835	674,552	-

A deferred tax asset has not been recognised in relation to tax losses of \$7,128,855 (2017: of \$7,858,976) with a tax effect of \$1,996,080 (2017: \$2,200,513). Total tax losses of \$9,537,970 (2017: \$10,048,462) are available to offset against future taxable income.

7. Cash and cash equivalents

	2018	2017
Cash at bank and on hand	676,898	421,769
Term deposits with maturities less than three months at acquisition	-	-
Total cash and cash equivalents	676,898	421,769

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.

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

	2018	2017
Cash at bank and on hand	676,898	421,769
Term deposits with maturities less than three months at acquisition	-	-
Bank overdrafts	-	-
Total	676,898	421,769

8. Debtors and other receivables

	2018	2017
Rental receivable	54,593	43,672
Gross debtors and other receivables	54,593	43,672
Less provision for impairment	(2,983)	(2,438)
Total debtors and other receivables	51,610	41,234

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 (2017: \$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:

	2018	2017
Individual impairment	2,983	2,438
Collective impairment	-	-
Total provision for impairment	2,983	2,438

Movements in the provision for impairment of receivables are as follows:

	2018	2017
At 1 July	(2,438)	(4,159)
Additional provisions made during the year	(2,983)	(2,438)
Provisions reversed during the year	2,438	4,159
Receivables written-off during the period	-	-
At 30 June	(2,983)	(2,438)

At 30 June 2018 SML held one boat 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

	2018	2017
Commercial inventories held for sale:		
Diesel	15,343	8,799
Other items	2,630	2,630
Total inventory	17,973	11,429

No inventory is pledged as security for liabilities (2017: \$nil).

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No class of Property, plant and equipment is pledged as security for liabilities, nor are any titles restricted.

Land is valued at fair value using market based evidence based on its highest and best use with comparable land values. Buildings are valued at fair value market based evidence. Land is valued at fair value using market based evidence based on its highest and best use with comparable land values. Buildings are valued at fair value market based evidence.

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		Cost / valuation	Accumulated depreciation & impairment	Carrying amount		Additions	Category adjustments to cost	Disposals	Accumulated depreciation and impairment on disposals	Impairment	Depreciation adjustments to depreciation	Category depreciation	Elimination of accumulated depreciation on revaluation	Revaluation surplus	Cost / valuation	Accumulated depreciation & impairment	Carrying amount
2018		31/07/2018	1/07/2018	1/07/2018											31/06/2018	30/06/2018	30/06/2018
Operational assets																	
Land		447,158	-	447,158				-	-	-	-	-	-	2,352,842	2,800,000	-	2,800,000
Site improvements		1,477,443	(993,902)	1,083,541				-	-	-	(72,213)	-	-	-	1,477,443	(466,115)	1,011,328
Buildings		337,462	(119,954)	217,508				-	-	-	(42,748)	(749,731)	874,727	(993,847)	3,233,163	(37,706)	3,195,457
Service Centre		3,791,015	(701,687)	3,089,328				5,162	3,884,386	-	(51,610)	733,297	-	-	-	-	-
Plant and equipment		1,859,552	(888,312)	971,240				-	-	-	(99,865)	(3,566)	-	-	1,850,217	(991,743)	858,474
Vehicle		13,958	(13,958)	-				84,036	(93,371)	-	-	-	-	-	13,958	(13,958)	-
Piers and Marina Berths		3,885,888	(1,429,976)	2,455,912				64,142	-	-	(139,501)	-	-	-	3,950,030	(1,569,477)	2,380,553
Software		53,632	(52,254)	1,378				-	-	-	(61)	-	-	-	53,632	(52,315)	1,317
Total operational assets		11,866,108	(3,600,043)	8,266,065		153,340					(405,997)		874,727	1,358,995	13,378,443	(3,431,314)	10,247,129
2017																	
Operational assets																	
Land		447,158	-	447,158				-	-	-	-	-	-	-	447,158	-	447,158
Site improvements		1,394,862	(324,364)	1,060,499				92,580	-	-	(66,277)	-	-	-	1,477,442	(393,902)	1,083,541
Buildings		340,691	(110,365)	230,325				(3,229)	-	-	(10,089)	500	-	-	337,462	(119,954)	217,507
Service Centre		3,787,393	(599,600)	3,187,793				5,262	3,884,386	-	(103,727)	1,640	-	-	3,791,015	(701,687)	3,089,328
Plant and equipment		1,738,194	(842,945)	895,249				-	-	-	(92,962)	(47,295)	-	-	1,859,552	(888,312)	971,241
Vehicle		13,958	(13,958)	-				-	-	-	-	-	-	-	13,958	(13,958)	-
Piers and Marina Berths		3,858,999	(1,293,686)	2,565,313				26,889	-	-	(156,279)	-	-	-	3,885,888	(1,429,976)	2,455,912
Software		54,554	(53,116)	1,438				(922)	-	-	-	-	922	-	54,554	(52,254)	1,378
Total operational assets		11,625,809	(3,237,745)	8,388,064		293,589		(53,291)			(409,395)		50,357		11,866,108	(3,600,043)	8,266,065

11. Payables and deferred revenue

	2018	2017
Deposits and bonds	1,770	1,770
Trade payables and accrued expenses	207,422	91,460
Rentals in advance	42,122	43,585
Total payables and deferred revenue	251,314	136,815

Payables are non-interest bearing and are normally settled on 30 day terms. Therefore, the carrying value of payables approximates their fair value.

12. Borrowings

	2018	2017
Current portion		
Loans from related parties	-	2,700,000
Total current portion	-	2,700,000
Non-current portion		
Loans from related parties	2,700,000	-
Total non-current portion	2,700,000	-
Total borrowings	2,700,000	2,700,000

No securities are held over the borrowings.

13. Employee entitlements

	2018	2017
Current portion		
Annual leave	22,456	23,830
Total employee entitlements - current portion	22,456	23,830
Total employee entitlements	22,456	23,830

14. Advances from related parties

	2018	2017
Current portion		
Due related parties	202,288	138,197
Total other liabilities - current portion	202,288	138,197
Total other liabilities	202,288	138,197

15. Equity

	2018	2017
Accumulated funds		
Balance at beginning of the year	(15,464,736)	(15,868,485)
Net surplus/(deficit) after tax	337,159	403,749
Balance at end of the year	(15,127,577)	(15,464,736)

	2018	2017
Share capital		
Balance at beginning of the year	21,281,903	21,281,903
Movements during the year	-	-
Balance at end of the year	21,281,903	21,281,903

	2018	2017
Asset revaluation reserve		
Balance at beginning of the year	-	-
Movements during the year from revaluation	2,352,842	-
Balance at end of the year	2,352,842	-

	2018	2017
Asset revaluation reserve consists of:		
Land	2,352,842	-
Balance at end of the year	2,352,842	-

	2018	2017
Total equity		
Balance at beginning of the year	5,817,167	5,413,418
Movements during the year	2,690,001	403,749
Balance at end of the year	8,507,168	5,817,167

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 2018, SML had 6 million 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 2018	Parent		Parent	
	2018	2018	2017	2017
Hutt City Council	6,000,000	100%	6,000,000	100%

16. Categories of financial instruments

	2018	2017
Financial assets		
<i>Loans and receivables</i>		
Cash and cash equivalents	676,898	421,769
Debtors and other receivables	51,610	41,234
Other financial assets:		
- loans to related parties	-	-
Total financial assets	728,508	463,003
Financial liabilities		
<i>Financial liabilities at amortised cost</i>		
Borrowings	2,700,000	2,700,000
Advances from related parties	202,288	138,197
Trade and other payables	251,314	136,815
Total financial liabilities at amortised cost	3,153,602	2,975,012

17. Remuneration

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

Remuneration of Board members	2018	2017
B Walshe (Chairman)	19,223	18,825
A Stewart (to 31 March 2017)	-	9,375
P Steel (from 1 April 2017)	12,815	3,125
C Milne	12,815	12,550
Total remuneration	44,852	43,875
Number of Board members, including Chair	3.0	3.0

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 4.5 full time employees (2017: 4.2). 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 (2017: 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.

19. Capital commitments and operating leases

Capital commitments

SML had \$50,766 of commitments for capital expenditure relating to piers and marina berths as at 30 June 2018 (2017: \$nil).

Operating leases as lessor

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:

	2018	2017
Not later than one year	213,254	200,499
Later than one year and not later than five years	305,563	189,947
Later than five years	4,650	-
Total non-cancellable operating leases	523,467	390,446

20. Contingent liabilities and assets

Contingent assets

As at 30 June 2018 SML had no contingent assets (2017: \$nil).

Contingent liabilities

As at 30 June 2018 SML had no contingent liabilities (\$2017: Nil).

21. Explanation of major variances against budget

Statement of Comprehensive Revenue and Expenses

The surplus after tax was \$337k (2017: \$404k) for the year ended 30 June 2017. This was below budget by \$124k (2017: \$50k above budget).

Operating revenue

Operating revenue was above budget by \$131k, and \$179k higher than the previous financial year. Overall, Revenue performed strongly being above budget and a significant improvement compared with last financial year. The main highlight for the year is the increased berth occupancy in Boat Storage revenue, being \$32k ahead of budget YTD and \$101k up on last year. With the exception of Tenancy rentals and Ramp revenue, which were in line with budget, all other revenue was well above budget for the year.

Operating expenses

Total expenses were above budget by \$255k. This was due to higher than planned employee expenses (one staff member resigned but stayed on for three months to train her replacement), the commissioning of new berths (which gave rise to additional security costs), expenditure incurred in promoting the Wellington Boat Show, electricity charges (which had been under-charged by the supplier), and an asset revaluation write-down (no cash impact) of \$119k.

Finance and Depreciation expenses were below budget for the year. Lower finance expenses were incurred due to the \$2.7m loan being renewed at a more favourable rate at the start of the financial year, and lower depreciation charges mainly due to the H pier not being completed by the end of the year as planned.

Statement of Financial Position

Cash was higher with the H pier development costing less than originally budgeted. During the course of the financial year, the decision was taken to revalue SML's Land and Buildings. The value of SML's Land increased significantly as reflected in Non-Current Assets compared with budget. Total Liabilities were higher than planned due to a budget assumption where a portion of debt would be re-paid. This did not eventuate and is another reason for the higher cash balance.

Statement of Cash Flows

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

22.Events after balance sheet date

There have been no significant events after balance date (2017: No significant events after balance date).

23.Failure to issue a Statement of Intent for the period beginning 1 July 2018, by 30 June 2018

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 2018 by 30 June 2018. This requirement has not been met as the Statement of Intent was completed after 30 June 2018.