SEAVIEW MARINA LIMITED

STATEMENT OF INTENT

2024/25 to 2026/27

Table of Contents

1. Vision

Renowned as a New Zealand leading Marina that embraces the whole spectrum of services that boaties' and water enthusiasts' desire.

2. Mission

To provide industry leading facilities and services that delight customers and stimulate related economic activity whilst meeting shareholder expectations.

3. Nature and Scope of Activities

Seaview Marina Limited (the Company) is responsible for the operation of the boating facilities and services, the maintenance of infrastructural assets and the development of additional facilities and services as demand dictates.

4. Corporate Governance Statement

The Company is 100% owned by Hutt City Council and accordingly is a Council Controlled Trading Organisation (CCTO) as defined by the Local Government Act 2002 (LGA). The Directors' role is defined in Section 58 of the LGA which requires that all decisions relating to the operation of a CCTO shall be made pursuant to the authority of the directorate of the CCTO and its Statement of Intent (SOI). In addition to the obligations of the LGA, the Company is also covered by the Companies Act 1993 which places other obligations on the Directors.

The Directors are responsible for the preparation of the SOI, which along with the three-year financial plan is provided to the Company's Shareholder, Hutt City Council. Six monthly and annual reports of financial and operational performance are provided to the Shareholder. Financial and operational /management reports are prepared monthly for the Directors.

The Directors of the Company are responsible for the overall control of the Company, but no cost-effective internal control system will permanently preclude all errors or irregularities. The control systems operating within the Company reflect the specific risks associated with the business of the company.

Drawing down additional funding for Council supported capital expenditure comes with significantly increased pressure from finance expenses, compared with prior years. Additionally, there are some unknowns around final costs of these large transactions. The Directors of the Company have budgeted for fixed dollar dividend payments in 2024/25 and the outyears, however this remains subject to the Directors determining financial projections are shown to be sustainable, and in accordance with the Companies Act 1993 requirements. This is in line with the company's dividend policy approved by Council on June 30th, 2023.

The Companies Act 1993 requires the company directors to be satisfied the company's financial position is sustainable following any dividend payment. SML's ability to pay dividends relies largely on customer's discretionary income levels, which are under pressure in this current economic climate. The budgeted dividend payment for the 2024/2025 financial year is on the margin as any *additional* income required to meet dividend payment parameters carries a higher degree of uncertainty at this time.

5. Corporate Goals

The principal goal of the Company is to operate as a successful business, achieving the objectives of its shareholder as specified in this Statement of Intent. The specific corporate goals of the Company are as follows:

General

5.1 To ensure that the Statement of Intent and operating policies for the Company are consistent with the group operating policies of Hutt City Council.

5.2 To ensure that the Statement of Intent and operating strategies within, are adhered to.

5.3 To keep the Shareholder informed of matters of substance affecting the Company.

5.4 To perform continual reviews of the operating strategies, financial performance, and service delivery of the Company.

5.5 To develop the Company into one of New Zealand's premier marina businesses.

5.6 To further expand and diversify the Company's marina facilities.

Economic

5.7 To maximise the financial returns achieved and the value added by the Company.

5.8 To return a minimum return on equity (ROE) per annum of 1.0%, 0.4% and 0.6% for each financial year commencing 1 July 2024/25.

5.9 To maintain the Company's financial strength through sound and innovative financial management.

Social and Environmental

5.10 To support recreational boating activities in the Wellington Region.

5.11 To promote safe work practices.

5.12 To act as a socially responsible and environmentally aware corporate citizen and to contribute to, or assist where possible, with Hutt City Council's community outcomes (as listed in the Hutt City Council Annual or Long-Term Plan).

5.13 Reduce direct emissions by 50% by 2030 and achieve net zero emissions by 2050, to be aligned with HCC emissions targets in so far as reasonably practicable.

6. Specific Objectives for the Year Ending 30 June 2025

In pursuit of its corporate goals, the Company has the following objectives for the next 12 months:

General

6.1 To review the Statement of Intent and Strategic Plans for consistency with the objectives of Hutt City Council.

6.2 To review the operating activities of the Company for compliance with the goals and objectives stated in the Statement of Intent and Strategic Plan.

Economic

6.3 To achieve all financial projections.

6.4 To ensure that the reporting requirements of the Company and the Shareholder are met.

Social and Environmental

6.5 To maintain good employer status by:

(a) complying with all employment legislation; and,

(b) operating open and non-discriminatory employment practices.

6.6 To ensure no transgression of environmental and resource laws.

6.7 To review the activities undertaken by the Company for the purposes of being a good socially and environmentally responsible corporate citizen.

7. Shareholder Expectations

The Shareholder has provided the Company with its expectations for the business over the next three years. These expectations are laid out under the following four categories: Health, Safety and Wellbeing, Development Plans, Returns to Shareholder, and Strategic Priorities.

7.1 Health, Safety and Wellbeing

Health and safety, with the inclusion of staff wellbeing, will continue as top priority and be embedded within all activities of the marina.

7.2 Development Plans

i. In water

Council supports a process of design and consultation for in-water infrastructure and further development, which will cater to present and future demand. However, large-scale in-water construction contracts should be delayed until funding requirements for the complete refurbishment programme of SML's oldest piers is agreed by Council.

ii. On-land

Council understand the increased demand SML is seeing for leased commercial spaces. SML will engage with Council, stakeholders (and community partners) to continue the formation of an on-land 'masterplan.' To facilitate public benefit, site development, and to realise the SML vision and mission, Council expects SML to engage in the review of the District Plan process.

iii. Breakwaters

Council have agreed in principle that the ownership of the breakwater structures at SML transfer in their ownership from council to SML. Council understand this will provide SML full control over future planning for these critical assets, safeguarding the continuity of SML.

7.3 Financial stewardship and sustainability

The Council expects financial returns by way of dividends and breakwater lease payments. Breakwater leases payments are presently payable. Breakwater leases payments currently payable to council would cease at the time ownership of the breakwaters is transferred to SML.

The SML Board developed a Dividend Policy in April 2023 which was approved by Council on 30 June 2023. SML paid the first dividend to Council in April 2024. Fixed dollar amount dividend payments are to continue to be included in each year of the SOI.

Noting the significant cost escalations, SML should investigate and implement cost reduction strategies where appropriate, including exploring discounts with suppliers and optimising procurement approaches that produce value for money whilst also enabling the achievement of broader outcomes.

7.4 Strategic Priorities

I. Promote Māori Outcomes

Council is committed to improving outcomes for Māori and to working with our mana whenua partners to shape Lower Hutt for the future. SML is expected to fully participate alongside Council in any formal relationship agreements with mana whenua as they relate to improving outcomes relevant for SML. It is expected that SML take an active and meaningful approach to engaging with mana whenua and Māori through all its work and explore partnership/joint venture opportunities within SML's future developments.

II. Social and Environmental

Support of charitable non-profit ventures connected with the organisation's business will continue to be a focus, including work with the disability sector. Council asks SML to continue to develop partnerships supporting the growth of local maritime businesses that are focused on utilising renewable energy sustainably and are aligned with the Council's 'carbon zero' initiatives. Council was pleased to see SML maintain the Clean Marina Programme accreditation in 2024/2025. Council expects SML to reinforce commitment to this programme and understands that continual improvement through work and investment is required to retain this accreditation.

III. Living Wage

The Council became Living Wage accredited in November 2021 which cemented the commitment to continue the programme of implementing the Living Wage as the minimum rate for people working on Council procured contracts for services. Council's expectation is that SML will support and promote the Living Wage. SML will ensure as and when services are procured that it is a mandatory requirement for suppliers to pay staff delivering the services under contract the Living Wage as a minimum rate.

In addition, Council request that SML continue to promote the implementation of the Living Wage among the commercial tenants operating within SML. Council expect SML to encourage leaseholder commitment to paying the Living Wage, by actively engaging with leaseholders to emphasise the benefits to employee and business.

IV. Climate Change

Council has cited the need to prioritise reducing city-wide emissions to net zero carbon, including the need to halve our own operational emissions by 2030. Council expects that SML will participate in the delivery of this objective, in line with our city- wide Climate Action Pathway and implement, monitor, and measure any agreed actions signed up to by SML. There are three areas of action for SML to consider:

a. to replace fuel powered vehicles, equipment, and plant with electric powered equivalents when due for replacement, provided equivalents are commercially viable.
b. Additionally, SML should develop a factual understanding of sea-level change and the performance of the breakwaters in relation to this. This improved understanding is to inform the financial planning regarding sea-level change, as part of the asset management plan.

V. Integration with Tupua Horo Nuku

In line with the expectations to improve community engagement, SML will engage with Council to develop an understanding of Tupua Horo Nuku Eastern Bays shared path project, and how this will interact with all the activities in the Marina – not limited to commercial opportunities, public benefit, and health and safety implications.

VI. Advance Knowledge of Transportation Vessels

SML should continue to support and develop relationships with ferry operators both locally and nationally, with the goal to better understand the business of passenger carrying watercraft. A formation of understanding of opportunities and implications of ferry service to the area will better inform both the on land and in- water development plans.

VII. Achieve Wider outcomes – Employment and Training

Whilst SML is a small team, SML's work programme should create local training opportunities and support local employment, wherever possible. SML will use more specialised training programmes such as MTI (Marina Training Institute) to provide career pathways for staff.

7.5 Performance Measures

	Key Performance Indicator	2024/25	2025/26	2026/27	Reporting Frequency
Financial					
1	Deliver the **total** annual budgeted income	Achieve 100% of total budgeted income	Achieve 100% of total budgeted income	Achieve 100% of total budgeted income	Six monthly
2	Deliver the **total** annual budgeted net surplus	Net surplus within budget	Net surplus within budget	Net surplus within budget	Six monthly
3	Achieve prescribed rate of return on equity before tax and dividends (1)	1.0%	0.4%	0.6%	Annually
4	Manage Capital Expenditure (2)	Complete within capital budget	Complete within capital budget	Complete within capital budget	Annually
Relationship & Communication					
5	Client Service & Customer Needs	80% satisfaction in the bi-annual survey		85% satisfaction in the bi-annual survey	Bi-Annually
6	Special interest messages	Complete four messages per annum	Complete four messages per annum	Complete four messages per annum	Four per annum
7	Meet all shareholder reporting deadlines	See Section 11	See Section 11	See Section 11	Schedule in Section 11
Risk Management and Human Resources					
8	Notifiable health and safety incidents	None	None	None	Monthly to board
9	Staff Satisfaction	Achieve 85% staff satisfaction	Achieve 85% staff satisfaction	Achieve 85% staff satisfaction	Annually
Marketing					
10	Implement strategy to improve occupancy rates (3)	Berth occupancy equal or greater than 80%	Berth occupancy equal or greater than 83%	Berth occupancy equal or greater than 86%	Bi-Monthly

Non- Financial					
11	To provide financial or non- financial support to at least three charitable (non-profit) ventures with a marine focus during any given financial year.	Support to at least three organisations	Support to at least three organisations	Support to at least three organisations	Annually
12	Public benefit		Perform survey of public opinion on marina facilities		Bi-Annually
Environmental					
13	Reduce direct emissions (4)	Perform analysis to establish annual baseline emissions from fossil fuelled vehicles, plant, and equipment	Reduction from baseline emissions to pre-set target through most commercially viable approach to replacement of fossil fuelled vehicles, plant, and equipment	Reduction from 2025/226 emissions to pre-set target through most commercially viable approach to replacement of fossil fuelled vehicles, plant, and equipment	Annual carbon footprint report provided to HCC

Notes to Financial Measures

1. Return on equity is defined as net Surplus / (Deficit) before tax and dividends and excluding losses or gains arising from the revaluation of similar assets within an asset class divided by the opening balance of equity at the start of the year.
2. Excludes carry forward of expenses on projects from prior years, unless specifically budgeted for (e.g. where project spans two or more fiscal periods). Refers to the total capital budget.
3. March 2022 saw an occupancy high of 89%. More recent wider pricing pressure has seen occupancy decline to 82% in February 2023, where it has hovered since. Occupancy strategies can be expected to return previous high occupancy levels at a gradual rate.
4. SML is committed to halving operational emissions by 2030. Presently the composition of SML's carbon footprint is unknown. SML plan to perform analysis in 2024/25 to quantify emissions from individual fossil fuelled vehicles, plant, and equipment. From this baseline, annuals goals can be set, and high emitting machinery can be targeted for replacement through the most commercially viable approach.

8. Financial Projections

The projections have been prepared using several assumptions about the future, as well as business trends over the previous five years. In determining these projections, the Board and Management have applied their judgement to the future commercial environment in which the Company operates.

Financial Year Ended 30 June	Forecast 2023/24	Budget 2024/25	Plan 2025/26	Plan 2026/27
Total revenue	3,417,878	3,868,105	3,999,257	4,173,562
Total expenses	3,243,356	3,656,886	3,924,605	4,058,679
Net Surplus / (Deficit) before tax & dividends	**174,522**	**211,219**	**74,651**	**114,883**
Total assets	23,942,259	28,399,783	28,279,417	29,236,488
Total liabilities	3,562,375	7,967,821	7,893,707	8,868,062
Total equity	**20,379,884**	**20,431,962**	**20,385,710**	**20,368,426**
Return on equity	0.9%	1.0%	0.4%	0.6%

Note: Return on Equity (ROE) is before tax.

Capital Expenditure Projections

Financial Year Ended 30 June	Budget 2024/25	Plan 2025/26	Plan 2026/27
Miscellaneous Capital	554,639	475,000	303,000
Pier Refurbishment Pile Sleeving	99,000		
Pier B Refurbishment	749,634		
Piers A & C Refurbishment	-	766,126	784,513
Breakwater	3,428,000		
Total Capital Expenditure	**4,831,273**	**1,241,126**	**1,087,513**

Note 1: Ownership of infrastructural assets is retained by the Shareholder (or other clients).

Note 2: Seaview Marina has to date returned all financial benefits to its Shareholder through increasing the capital value of the marina with trading profits being retained and invested in the strategic development programme. Dividends have been returned to the Shareholder in 2023/24.

Prospective Statement of Comprehensive Revenue and Expenses

Year Ended 30 June	Forecast 2023/24	Budget 2024/25	Plan 2025/26	Plan 2026/27
Rental revenue	2,927,109	3,368,657	3,490,067	3,684,366
Other user charges	132,243	143,392	146,213	149,136
Interest revenue	26,042	22,999	29,414	6,012
Product sales	315,613	315,613	315,613	315,613
Other revenue	16,871	17,444	17,950	18,435
Total revenue	**3,417,878**	**3,868,105**	**3,999,257**	**4,173,562**
Employee expenses	741,315	890,227	933,462	978,819
Operating expenses	1,527,473	1,662,688	1,599,614	1,632,783
Finance expenses	171,378	250,730	459,110	468,432
Product cost of sales	293,563	293,563	293,563	293,563
Depreciation	509,627	559,677	638,856	685,081
Total expenses	**3,243,356**	**3,656,886**	**3,924,605**	**4,058,679**
Net Surplus / (Deficit) before tax	**174,522**	**211,219**	**74,651**	**114,883**
Income tax expense	48,866	59,141	20,902	32,167
Net Surplus / (Deficit) after tax	**125,655**	**152,078**	**53,749**	**82,716**

Prospective Statement of Movements in Equity

Year Ended 30 June	2023/24 Forecast	Budget 2024/25	Plan 2025/26	Plan 2026/27
Balance at 1 July	20,454,228	20,379,884	20,431,961	20,385,711
Net Surplus after tax	125,655	152,078	53,749	82,716
Dividend Payment to HCC	(200,000)	(100,000)	(100,000)	(100,000)
Balance at 30 June	**20,379,884**	**20,431,961**	**20,385,711**	**20,368,426**

Prospective Statement of Financial Position				
As at 30 June	2023/24 Forecast	Budget 2024/25	Plan 2025/26	Plan 2026/27
ASSETS				
Current Assets				
Cash and cash equivalents	774,453	986,273	284,529	850,421
Debtors and other receivables	460,063	433,585	433,597	433,609
Inventory	11,703	12,289	12,289	12,289
Total current assets	**1,246,219**	**1,432,147**	**709,512**	**1,264,151**
Non Current Assets				
Property, plant and equipment at cost	26,502,135	29,930,135	29,930,135	29,930,135
Property, plant and equipment accumulated depreciation	(4,381,438)	(4,940,250)	(5,579,105)	(6,264,187)
Intangible assets	62,087	62,087		
Intangible asset accumulated depreciation	(61,221)	(62,087)		
Assets under construction	574,477	1,977,750	3,218,876	4,306,389
Total non current assets	**22,696,040**	**26,967,636**	**27,569,905**	**27,972,337**
Total assets	**23,942,259**	**28,399,783**	**28,279,417**	**29,236,488**
LIABILITIES				
Current Liabilities				
Payables and deferred revenue	346,703	401,015	406,945	413,467
Employee entitlements	85,190	26,049	5,147	(27,021)
Advances from related parties	51,124	51,124	51,124	51,124
Current tax liability	48,866	59,141		
Total current liabilities	**531,883**	**537,329**	**463,216**	**437,570**
Non Current Liabilities				
Deferred Tax Liability	330,491	330,491	330,491	330,491
Borrowings	2,700,000	7,100,000	7,100,000	8,100,000
Total non current liabilities	**3,030,491**	**7,430,491**	**7,430,491**	**8,430,491**
Total Liabilities	**3,562,375**	**7,967,821**	**7,893,707**	**8,868,062**
Net Assets (Assets minus Liabilities)	**20,379,884**	**20,431,962**	**20,385,710**	**20,368,426**
EQUITY				
Accumulated funds	(13,712,431)	(13,660,353)	(13,706,604)	(13,723,888)
Share capital	21,281,903	21,281,903	21,281,903	21,281,903
Revaluation reserve	12,810,411	12,810,411	12,810,411	12,810,411
Total Equity	**20,379,884**	**20,431,961**	**20,385,711**	**20,368,426**

Equity Value of the Shareholders' Investment

The estimated net value of the shareholders' investment in the company on 30 June 2024 will be \$20.38M and \$20.43M on 30 June 25.

Prospective Statement of Cash Flows

Year Ended 30 June	2023/24 Forecast	Budget 2024/25	Plan 2025/26	Plan 2026/27
Cashflows from Operating Activities				
Cash was provided from:				
Receipts from rentals	2,675,223	3,411,139	3,506,860	3,701,999
Interest received	26,134	22,999	29,414	6,012
Other revenue	-	-	-	-
Receipts from user chrges and other revenue	592,417	460,445	462,971	465,539
Cash was applied to:				
Payments to employees	(713,931)	(890,227)	(933,462)	(978,819)
Payments to suppliers	(1,823,583)	(1,961,666)	(1,908,150)	(1,951,992)
Dividend payments	(200,000)	(100,000)	(100,000)	(100,000)
Interest paid	(171,378)	(250,730)	(459,110)	(468,432)
Tax paid	(249,615)	(48,866)	(59,141)	(20,902)
Net cash flows from operating activities	**135,267**	**643,094**	**539,381**	**653,405**
Cashflows from Investing Activities				
Cash was provided from:				
Asset sales				
Cash was applied to:				
Purchase of property, plant and equipment	-	(3,428,000)	-	-
Purchase of assets under construction	(247,705)	(1,403,273)	(1,241,126)	(1,087,513)
Net cash flows from investing activities	**(247,705)**	**(4,831,273)**	**(1,241,126)**	**(1,087,513)**
Cashflows from Financial Activities				
Cash was provided from:				
Borrowings from Hutt City Council	32,093	4,400,000	-	1,000,000
Cash was applied to:				
Repayment of borrowings to Hutt City Council	-	-	-	-
Net cash flows from financing activities	32,093	4,400,000	-	1,000,000
Net Increase / (Decrease) in Cash	**(80,345)**	**211,821**	**(701,745)**	**565,892**
Cash at beginning of year	**854,798**	**774,453**	**986,273**	**284,529**
Cash at end of year	**774,453**	**986,273**	**284,529**	**850,421**

9. Accumulated Profits and Capital Reserves

Seaview Marina returned its first dividend in the year 23/24 to Hutt City Council, and has budgeted for fixed dollar dividend payments in 2024/25 and the outyears.

10. Share Acquisition

There is no intention to subscribe for shares in any other company or invest in any other organisation during the period covered by this Statement of Intent. Notwithstanding this, the purchase of any shares requires shareholder approval.

11. Information to be provided to Shareholders

In each year the Company shall comply with the reporting requirements under the Local Government Act 2002, the Companies Act 1993, and other relevant regulations.

The Company will provide:

11.1 Statement of Intent

A draft Statement of Intent by 1 March of the year preceding the financial year to which it relates detailing all matters required under the Local Government Act 2002, including financial information for the next three years.

A final Statement of Intent before the commencement of the financial year to which it relates.

11.2 Half-Yearly Report

Within two months after the end of the first half of each financial year, the Company shall provide a report on the operation of SML to enable an informed assessment of its performance, including financial statements, and progress on activities and projects (in accordance with section 66 of the LGA 2002).

11.3 Annual Report

Within three months after the end of each financial year, the Company will provide an annual report which provides a comparison of its performance with the Statement of Intent, with an explanation of any material variances, audited consolidated Financial Statements for that financial year, and an Auditor's Report (in accordance with section 67, 68 and 69 of the LGA 2002).

12. Pricing Policy

The Company operates in a competitive market competing with three other floating marinas within the Wellington Region and to a lesser extent with the Marlborough region marinas. All marina charges, apart from the Wellington Marine Centre Leases, are reviewed on an annual basis. The review is based on a number of criteria which are listed below:

12.1 Market Trends

The Company positions its charges reasonably to provide excellent value in relation to the Wellington marina market and will adjust charges according to movements in other marinas of a similar standard.

12.2 Operating Costs

Increases in operating costs related to the marina activities compared with the previous year.

12.3 Achievement of ROE

Hutt City Council sets a minimum ROE which the Company is required to achieve each year, and to achieve these, rental charges are set accordingly.

13. Transactions with Related Parties

Transactions between the Company, HCC and other HCC controlled enterprises will be conducted on a wholly commercial basis. Charges from HCC and its other companies will be made for services provided as part of the normal trading activities of the Company.

Related Party	Transaction
HCC Finance Business Unit	Provision of accounting services and the consolidation of the Company's financial accounts into the HCC's accounts.
HCC People and Capability Business Unit	Provision of People and Capability support and services, including recruitment and other specialist support.
HCC IT Business Unit	Provision of technical support for the Company's computer hardware and systems.

14. Directory

Directors

Peter Steel (Chairman, appointed 1 July 2021)

Tui Lewis (from 9 December 2022 to 10 October 2025)

Pamela Bell (appointed 26 March 2021)

Rick Wells (appointed 26 March 2021)

Chief Executive

Tim Lidgard (Chief Executive Officer)

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Website

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Auditor

Audit New Zealand on behalf of the Auditor General

Bankers

Westpac Banking Corporation of New Zealand Limited

Lower Hutt

New Zealand

Solicitors

Thomas Dewar Sziranyi Letts

Level 2, Corner Queens Drive & Margaret Street

Lower Hutt

New Zealand

Accounting Policies

REPORTING ENTITY

Seaview Marina Limited (SML) is a Council Controlled Trading Organisation (CCTO), 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.

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.

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

Revenue

SML derives revenue from its licensees and casual clients. The income is generated from a range of rentals for boat storage and building tenancies as well as services available through the facilities provided by SML.

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.

Expenses

Expenses are recognised when the goods or services have been received on an accrual basis.

Cash and cash equivalents

Cash and cash equivalents include 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 $1,000 or more is capitalised. Expenditure of less than $1,000 is 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.

Work in progress is recognised at cost less impairment and is 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 after 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, site improvements and buildings 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:

Property, plant, and equipment consist of the following asset classes: land, buildings, leasehold improvements, furniture and office equipment and motor vehicles.

Estimated economic lives	Years	Rate
Buildings	5 - 33	3% - 20%
Service Centre, hardstand, travel lift	2 - 77	1.3% - 50%
Site improvements	3 - 60	1.7% - 33.3%
Piers and marina berths	4 - 30	3.3% - 25%
Plant and equipment	1.5 - 66	1.5% - 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 based on 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.

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, annual leave earned to, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

SML recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that SML anticipates it will be used by staff to cover those future absences.

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

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 way 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 any material finance leases.

Financial instruments

The Company 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 based on the Company'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 SML 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 underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the reporting period in which the revision is made and in any future periods that will be affected by those provisions.

Assumptions have been made for the useful lives of property, plant and equipment and intangible assets as noted above.