



**ANNUAL REPORT**  
**2015 / 16**



**DESTINATION  
COROMANDEL**

[www.thecoromandel.com](http://www.thecoromandel.com)

*Owharoa Falls*



New Zealand has enjoyed another bumper international tourism year in the 12 months to 30 June 2016 and: this is the 4th year of consecutive growth in visitor spend for *The Coromandel*. Tourism has, again, established its place as New Zealand's number one export income earner, contributing 17.8% to New Zealand's total foreign exchange earnings. Record international visitor arrivals and per head visitor spend, has placed the industry in the media spotlight. Coupled with the growth in international visitor arrivals and spend, domestic tourism activity has also been strong for *The Coromandel*.

Visitors help support and grow our region in powerful ways, socially, culturally and economically. Tourism is: widely dispersed (no massive central work site), very job rich (no robots doing the work) and highly productive (the margins on goods and services sold are captured in our local economy)

Destination Coromandel has seen greater interest from its primary funders, (Thames Coromandel and Hauraki District Councils) in capitalising on tourism in their respective districts. Their strategic focus combined with the ongoing support for tourism from a myriad of businesses, all of whom benefit from the visitor industry in one way or another, has been crucial to the success and results enjoyed.

Destination Coromandel continues to advocate the merits of product development. Central Government is encouraging initiatives to stimulate visitor spend and regional visitor spread. This is evident with their commitment towards the development of the increasingly popular Hauraki Rail Trail (in partnership with local councils), and contribution to the award winning Waihi Gold Experience.

Developing the first crucial steps in the Coromandel Great Walks project (and diverting pressure from Hahei towards Whitianga) will help preserve the *good for your soul* experience *The Coromandel* is famous for. Enhancing the environment with the Tairua – Pauanui trail, WW1 Memorial Forests and other council led tourism initiatives improves Destination Coromandel's ability to address the challenges we face when taking the region to market.

*The Coromandel* is in a geographic sweet spot. Almost half of New Zealand's population, (and NZ's fastest growing population), lives within 2.5 hours drive of the heart of the region. The western destinations of *The Coromandel* are less than a one hour drive from Auckland International Airport and most parts of the region are less than 2 hours' drive from the airport.

With summer school holidays, in particular, currently pushing *The Coromandel* to near capacity at times, the three significant challenges for Destination Coromandel continue to be: 1. Stimulating shoulder season demand, 2. Helping ease pressure points and 3. Encouraging wider visitor dispersal. These challenges are not limited to *The Coromandel*, but are national challenges we continue to work on locally.

Our small but nimble and productive team at Destination Coromandel has again fulfilled its core role of marketing *The Coromandel* as a preferred visitor destination to both international and domestic markets. The team has delivered results with professionalism and economy, a situation with which the board members and trustees of Destination Coromandel are very pleased. Our team has achieved a lot for the region on a relatively limited budget. We thank them for that.

We also thank both Thames Coromandel and Hauraki District Councils along with many businesses and individuals across the region, for their dedication and support to the cause of sustainably growing tourism for the good of all in our communities.

Now is the time to invest, upgrade and aspire towards quality in all that we do to help fulfill the mission for Destination Coromandel; *To continue developing our visitor industry as an economic driver for social prosperity and to lead the preservation of The Coromandel's unique cultural, historical and natural heritage.*



John Sandford, Chair, Destination Coromandel Trust



*Coromandel Harbour*

Visitor spend in *The Coromandel* grew \$19m from the previous year, recording a total of \$390m in the 2015/16 FY. Destination Coromandel continues to play a key role in increasing awareness and stimulating travel to the region.

Visits to the [www.thecoromandel.com](http://www.thecoromandel.com), visitor spend, commercial and total guest nights have surpassed last year's record results. The strength of our digital platform has enabled Destination Coromandel to gain significant reach at minimal cost. As a result we can present *The Coromandel: good for your soul* brand to more people more often.

A series of content marketing initiatives focused on driving domestic travel in the shoulder seasons, particularly during the endless summer months. The 27% increase in overnight trips for March/April was a highlight that bodes well for the local economy and a longer tourism season.

The contribution of international travellers is important for topping up available capacity, particularly in the shoulder season months as they also tend to spend more on average than the domestic traveller. Destination Coromandel continues to take *The Coromandel* offshore at every opportunity via the travel trade, international media and partnerships with Central North Island regions and Tourism New Zealand. *The Coromandel* enjoyed steady growth in all traditional markets, off the back of the 3.34 million international visitor arrivals, with Australia and UK growing over 10% year-on-year in visitor spend for our region.

Total guest nights to *The Coromandel* are impressive if not staggering. Our region is the third highest recipient of visitors from both Auckland and Waikato regions (a proportion of these will be absentee Holiday Home owners) and the 5th highest from Bay of Plenty. While much of the visitation is concentrated around the Dec/Jan period, as identified earlier the shoulder seasons are growing. The challenge for *The Coromandel* is extracting additional value from this sector. *Beyond 2025* identified 3 areas we could achieve this;

**Product development** – additional attractions that stimulate commercial activity

**Seasonality** – attracting year round travel

**Quality** – encouraging people to stay longer and tell others

Success in these areas will aid the progression of *The Coromandel* economy long term, so long as the preservation of the unique attributes of *The Coromandel* remain the priority.



Hadley Dryden  
*General Manager, Destination Coromandel*

## OUR DOMESTIC *market*

Visitation from our domestic market continues to grow with key metrics surpassing all previous records. These record results would have likely been higher had it not been for the inclement weather during key holiday periods. January was down 11,000 commercial guest nights on January the previous year before due to the wet weather.

	TOTAL	% INCREASE	DOMESTIC	% INCREASE
thecoromandel.com	582,507	16.9%	441,721 (75% of total)	18.8%
Commercial Nights	841,193	2.8%	569,268 (68% of total)	3.8%
Total Visitor Nights	4.3m	NA	NA	NA
Visitor Spend	\$390m	5.1%	\$312m	4%

Destination Coromandel has invested in *Qrious*, a research platform that uses cellphone data as base metric. This data has confirmed a long held intuition by those in the industry that current statistical reporting samples do not accurately reflect visitor numbers in the region. Total guest nights for the 15/16 FY were recorded at 4.34 million, more than 4 times the figure recorded via the traditional Commercial Accommodation Monitor.

Shoulder season marketing activity kicked off in a series of stages, all promoting the merits of an endless summer holiday. The previously successful *#goodforyoursoul* campaign continued, where the public were asked to vote for their top 5 product choices to go in the draw to win them. Votes were only qualified once 5 were received, so entrants were effectively planning a holiday. This campaign helped drive traffic to [www.thecoromandel.com](http://www.thecoromandel.com) up an impressive 47% during the campaign period and also segued into the next campaign.

Destination Coromandel partnered with nationwide Outdoor Retail store Torpedo7 in a campaign to increase user generated content (video and images) of *The Coromandel*. An online micro site received over 300 entries with people showcasing their *#goodforyoursoul* experience. Torpedo7 promoted the competition via their retail chain throughout the North Island and also their digital channels.

Full page ads featured in the NZ Herald Weekend and the inflight Air NZ Kia Ora magazine. The ad featured the top products as voted in the *#goodforyoursoul* competition. It invited readers to visit *The Coromandel* and capture and share their own content to be in to win Torpedo7 gear, while reminding them that Autumn was the ideal time to visit.

GoPro followed up the content campaign by promoting the GoPro series on Facebook. Soon after Crowd Goes Wild TV visited, featuring surfing and canyoning with champion surfer Ella Williams who was part of the original GoPro shoot. The estimated advertising value of media coverage for Crowd Goes Wild TV alone was \$20,000.

Coordination of domestic media files received additional resource. A joint promotion with the MORE FM network saw TV stars from "The Bachelor NZ", Art & Matilda walk the Coromandel Coastal Walkway before cycling the Hauraki Rail Trail.

The Hauraki Rail Trail featured prominently in shoulder season marketing activity with budget dedicated to promote this attraction. The trail was promoted in UNO magazine, New Zealand Herald travel supplements and staff editorials, OUR NEW ZEALAND Magazine on board Interislander Ferries and KiwiRail and via investment with RideNZ.co, a specialist regional mountain biking and trail cycling website.

International visitors contributed \$77m towards *The Coromandel* economy and made up a valuable 20% of total spend. International visitors help to lengthen the shoulder season and have been proven to spend more on average than domestic travellers.

	TOTAL	% INCREASE	INTERNATIONAL	% INCREASE
thecoromandel.com	582,507	16.9%	140,786	11%
Commercial Nights	841,193	2.8%	271,930	0.9%
Total Visitor Nights	4.3m	NA	NA	NA
Visitor Spend	\$390m	5.1%	\$77m	8.5%

Destination Coromandel's off-shore marketing activities remain focused on collaborative events with Tourism New Zealand, where we are represented as part of an alliance of eight Central North Island regions. Most of Destination Coromandel's international marketing activity is focused on the Australian market, in line with the value it represents to our region (\$20m) and the relative ease of access and influence. In addition, Destination Coromandel identifies and develops business opportunities and supports relationships between *The Coromandel* operators and all players in the distribution chain, and hosts famils (familiarisation visits), to provide agent training.

Investment in the Explore Central North Island marketing alliance gave us in-market representation at Tourism New Zealand trade events in China, UK, USA, and Australia and face-to-face training with 400 selected travel agents who came to New Zealand on famils. Destination Coromandel conducted a roadshow to Australia, uncovering contracting opportunities and training frontline reservation staff.

Two trade shows provide important platforms for trade marketing: Tourism Rendezvous New Zealand (TRENZ) in Rotorua, New Zealand's largest international travel trade event with 350 international travel buyers attending and eXplore Central North Island at Eden Park, a trade event for Auckland-based inbound travel and tour agents and tour operators.

This year at TRENZ, Destination Coromandel presented *The Coromandel* to 98 delegate groups selected by us for their relevance and importance to our market. After our experience last year with the increasing numbers of Chinese delegates, most of our appointments were with agents from traditional markets and a smaller number from emerging visitor markets. Interest in new products and experiences continued to grow, and peak season accommodation capacity concerns were allayed.

The eXplore Central North Island event showcased 9 exhibitors from *The Coromandel* to more than 200 representatives from trade organisations attending over the day. This direct contact between *The Coromandel* operators and New Zealand based agents is key to developing relationships to deliver more product to international retail and wholesale travel and tour agents, and is an important measure of the maturation of our visitor industry.

Destination Coromandel again invested in a joint venture campaign with Tourism New Zealand, targeting east coast Australian consumers to increase arrivals into the spring shoulder season. Our investment was NZD\$22,000 with a total campaign spend of AUD\$1.34 million. The estimated advertising value for *The Coromandel* was AUD \$160,502 representing 642% of market value delivered over investment.

Media visits and trade famils for agent training reinforced our other activities, with a total of 46 visits. Trade famils focused on contracted products and activities featured in the Australian campaign but also included regional highlights and developing products such as the Hauraki Rail Trail (32 trade and 7 international media visits).

Digital marketing activity directed traffic across multiple branded platforms for the 15/16 year, not just [www.thecoromandel.com](http://www.thecoromandel.com). Despite the expanded digital focus, traffic to the [www.thecoromandel.com](http://www.thecoromandel.com) site still increased by 17%, reaching 582,507 sessions.

*The Coromandel* Facebook page is particularly important for reaching our domestic market. Over 37,000 of the 53,000 fans are New Zealanders (approximately a third of which are from Auckland). 2016 has seen Facebook reduce the organic potential of posts making it harder for content to achieve the reach it once did. However a well-timed quality post can still reach over 40,000 people without any paid promotion. Facebook advertising was used to target our drive market (Auckland, Waikato, Bay of Plenty) to push shoulder season travel and increase total measurable views of the *GoPro to The Coromandel* series to over 900,000\*.

As part of the integrated digital strategy and coinciding with the rise of Instagram influencers, Destination Coromandel hosted 17 media files, with the aim of raising the profile of some of the lesser known spots in our region, such as the Hauraki Rail Trail, Orokawa Bay, The Pinnacles and the Coromandel Coastal Walkway. Images of Cathedral Cove resonate most strongly on Instagram, and our following grew to 4648 by the end of the year, 57% being domestic.

Monthly newsletters to over 22,000 subscribers were being sent out, largely to promote events on *The Coromandel*. A new email campaign set up has allowed us to change the approach and deliver inspiring content while creating urgency with events and deals. The current 12% click through rate for our consumer email communications is a respectable base to improve upon.

[www.thecoromandel.com](http://www.thecoromandel.com) has undergone a complete rebuild which began in April 2016, towards the end of the visitor season. The initial rebuild has instantly made the site more relevant to consumer behaviour. The parallex (scroll down screen) is user friendly and features a video intro and must do's on the homepage that are tailored to popular content. The responsive site's mobile effectiveness has improved on the previous website at a time when traffic to [www.thecoromandel.com](http://www.thecoromandel.com) is now dominated by mobile devices. More travellers are accessing information via the internet in all stages of travel planning. [www.thecoromandel.com](http://www.thecoromandel.com) reflects this, catering for visitors in the region with geolocation capability and improved mapping features which have the ability to present products that are close to the end user.

Destination Coromandel invested in integrating [www.newzealand.com](http://www.newzealand.com) operator listings with [www.thecoromandel.com](http://www.thecoromandel.com) to make it easier for the tourism industry and also to encourage them to list on the Tourism New Zealand website (which is free). The upgrade has come at a short term cost with traffic dropping off for April, May, June, preventing us from reaching the 600k milestone (sessions). We, knowingly did the rebuild during the off season, understanding that the sacrifice will pay off in the long-term.

Digital assets will play an increasingly important role in influencing our target market allowing us to provide information at different stages of the holiday experience.

\*Total views not limited to Facebook or official platforms for *The Coromandel* alone.



i-SITES continue to play an important role in the visitor experience. The task of encouraging visitors to stay longer and spend more is as important as ever, to maintain the viability of the i-SITES and encourage spend for the region.

Whitianga performed well, numbers were up 5000 on the previous year, bucking the national trend of declining visitor numbers to i-SITES. Undoubtedly this contributed to an improvement in retail and commission based products sold, as reflected in the \$20k profit against budget.

The first year of the Thames i-SITE in the new centralised location under Destination Coromandel management will provide a baseline for future comparison.

Prior to assuming management of the Thames i-SITE concerns were raised with regards to the viability of the centre in the face of national trends in declining door numbers, retail sales and commissions.

Towards the end of the first year Destination Coromandel undertook a review of the i-SITE structure. There is now one team leader overseeing both centres that are staffed according to projected visitor numbers. The operational changes implemented to increase revenue and reduce costs will see a more financially stable sales division in the short term. It will also allow additional promotional avenues for operators, showcasing more experiences to a receptive audience.

The relevance of i-SITES and information centres is being challenged due to evolving visitor behaviour and the accessibility of online booking and information.



*Cathedral Cove*

<b>INDEX</b> .....	<b>Page</b>
ENTITY INFORMATION .....	12
STATEMENT OF FINANCIAL PERFORMANCE .....	13
STATEMENT OF FINANCIAL POSITION .....	14
STATEMENT OF CASH FLOWS .....	15
STATEMENT OF ACCOUNTING POLICIES .....	16-18
NOTES TO THE FINANCIAL STATEMENTS .....	19
1 <i>Council funding</i> .....	19
2 <i>Commission, Website, Advertising and Brochures</i> .....	19
3 <i>Other Revenue</i> .....	19
4 <i>Employee related costs</i> .....	19
5 <i>Other expenses</i> .....	19
6 <i>Income tax</i> .....	19
7 <i>Bank accounts and cash</i> .....	20
8 <i>Debtors and prepayments</i> .....	20
9 <i>Inventory</i> .....	20
10 <i>Property, plant, equipment and intangibles</i> .....	20
11 <i>Creditors and accrued expenses</i> .....	21
12 <i>Employee costs payable</i> .....	21
13 <i>Equity</i> .....	21
14 <i>Commitments</i> .....	21
15 <i>Contingent liabilities</i> .....	21
16 <i>Related-party transactions</i> .....	21
17 <i>Trustee fees</i> .....	21
18 <i>Events after the balance date</i> .....	22
19 <i>Explanation of major variances against budget</i> .....	22

*Financial Statements have been prepared independently and are awaiting audit review.*

## ENTITY INFORMATION FOR THE YEAR ENDED 30 JUNE 2016

### LEGAL NAME

Destination Coromandel Trust (“the Trust”).

### TYPE OF ENTITY AND LEGAL BASIS

The Trust is incorporated in New Zealand under the Charitable Trusts Act 1957. The Hauraki District Council and the Thames Coromandel District Council (“the Settlers”) intended that the Trust would not be a Council Controlled Organisation and the nature and intent of undertaking the Trust is that it would be a “small operation” that would not operate a trading operation for the purposes of making a profit.

The Trust is a council-controlled organisation as defined in section 6 of the Local Government Act 2002.

### THE TRUST’S PURPOSE OR MISSION

The Trust’s primary objective is to promote tourism and travel to benefit the people in the communities.

It achieves this objective by promoting the region as a leading tourist and visitor destination.

### STRUCTURE OF THE TRUST’S OPERATIONS, INCLUDING GOVERNANCE ARRANGEMENTS

A Board of three Trustees oversee the governance of the Trust. A Manager is responsible for day-to-day operations and reporting to the Trustees, and other staff provide support to the Manager in delivering the Trust’s objectives. The Trustees are appointed by the Settlers.

### MAIN SOURCES OF THE TRUST’S CASH AND RESOURCES

Operating grants are the primary source of funding received from the Settlers to the Trust.

### OTHER INFORMATION

The trust deed outlines the Charitable Purposes of the Trust.

- a) Promoting and marketing the region as a leading tourist and visitor destination
- b) Supporting, promoting and assisting in activities and projects which increase the opportunities for employment in the tourism and visitor industries and as such contribute to the social development and well being of the communities within the region.
- c) Supporting and benefiting communities by promoting and assisting in sustaining the “green image” of the region with the aim of having visitor activities aligned with this concept.

## STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016

Notes	Actual 2016	Budget 2016	Actual 2015
<b>Revenue</b>			
1 Combined Councils funding	715,000	715,000	611,325
2 Commission, Website, Advertising & Brochures	234,071	254,267	223,189
3 Other Revenue	900	5,000	6,745
Interest revenue	1,161	2,700	4,678
<i>Total revenue</i>	<i>951,132</i>	<i>976,967</i>	<i>845,936</i>
<b>Expenses</b>			
4 Employee-related costs	479,135	488,596	355,898
Advertising and marketing costs	292,248	315,000	295,430
Lease expense	2,413	2,400	2,011
10 Depreciation of property, plant, and equipment	12,147	17,536	13,138
Costs of providing goods and services	128,279	126,693	137,589
18 Trustee fees	33,000	33,000	31,764
Interest on bank overdraft	42	-	112
5 Other expenses	12,000	-	12,000
<i>Total expenses</i>	<i>959,264</i>	<i>983,225</i>	<i>847,941</i>
<b>Surplus/(deficit)</b>	<b>-8,132</b>	<b>-6,258</b>	<b>-2,005</b>
6 Reversal of Income tax provisions in 2012, 2013 & 2015	-	-	51,456
<b>Adjusted Surplus funds</b>	<b>-8,132</b>	<b>-6,258</b>	<b>-53,461</b>

*Explanations of major variances against budget are provided in note 19.*

# DESTINATION COROMANDEL *trust*

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

Notes	Actual 2016	Budget 2016	Actual 2015
<b>Assets</b>			
<b>Current assets</b>			
7 Bank accounts and cash	13,351	15,000	20,139
8 Debtors and prepayments	32,526	9,500	29,662
9 Inventory	12,465	5,000	7,530
<i>Total current assets</i>	<i>58,342</i>	<i>29,500</i>	<i>57,331</i>
<b>Non-current assets</b>			
Property, plant, equipment and intangibles	25,472	14,868	32,404
<i>Total non-current assets</i>	<i>25,472</i>	<i>14,868</i>	<i>32,404</i>
<b>Total assets</b>	<b>83,813</b>	<b>44,368</b>	<b>89,735</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
7 Bank overdraft	-	-	2,051
11 Creditors and accrued expenses	75,253	35,000	81,373
12 Employee costs payable	30,066	29,000	19,684
<i>Total liabilities</i>	<i>105,319</i>	<i>64,000</i>	<i>103,109</i>
<b>Total assets less total liabilities</b>	<b>-21,506</b>	<b>-19,632</b>	<b>-13,374</b>
<b>Trust equity</b>			
13 Accumulated surpluses/deficits	-21,506	-19,632	-13,374
<b>Total Trust equity</b>			

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2016

Notes	Actual 2016	Budget 2016	Actual 2015
<b>Cash flows from operating activities</b>			
Receipts of council funding	715,000	715,000	611,325
Receipts from sale of goods and services	276,694	260,292	234,414
Interest, dividends, and other investment receipts	1,161	2,700	4,678
Payments to suppliers and employees	-987,885	-993,817	-891,987
Interest paid	-42		-22
GST	-9,145	12,737	-13,184
<i>Net cash flow from operating activities</i>	<i>-4,216</i>	<i>-3,088</i>	<i>-54,776</i>
<b>Cash flows from investing and financing activities</b>			
Payments to acquire property, plant, and equipment	-521		-14,102
Repayment of loans	-	-	-25,543
<i>Net cash flow from investing and financing activities</i>	<i>-521</i>	<i>-</i>	<i>-39,645</i>
<b>Net increase/(decrease) in cash for the year</b>	<b>-4,737</b>	<b>-3,088</b>	<b>-94,421</b>
Add opening bank accounts and cash, including bank overdraft	18,088	18,088	112,509
<b>Closing bank accounts and cash, including bank overdraft</b>	<b>13,351</b>	<b>15,000</b>	<b>18,088</b>

*Explanations of major variances against budget are provided in note 19.*

## STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2016

### ACCOUNTING POLICIES APPLIED

#### BASIS OF PREPARATION

The Board applies PBE SFR-A (PS) Public Benefit Entity Simple Format Reporting – Accrual (Public Sector) on the basis that the Trust does not have public accountability (as defined) and has less than \$2 million total annual expenses.

All transactions in the financial statements are reported using the accrual basis of accounting and are prepared on the assumption that the Trust will continue to operate in the foreseeable future.

#### GOODS AND SERVICES TAX

The Trust is registered for GST. All amounts in the financial statements are recorded exclusive of GST, except for debtors and creditors, which are stated inclusive of GST.

#### SIGNIFICANT ACCOUNTING POLICIES

##### Revenue

##### Grants

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

##### Sale of goods

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

##### Sale of services

Revenue from the sale of services is recognised by reference to the stage of completion of the services delivered at balance date as a percentage of the total services to be provided.

##### Donated assets

Revenue from donated assets is recognised upon receipt of the asset if the asset has a useful life of 12 months or more, and the value of the asset is readily obtainable and significant.

##### Interest and dividend revenue

Interest revenue is recorded as it is earned during the year.

##### Employee related costs

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

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

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

##### Advertising, marketing, administration, overhead, and fundraising costs

These are expensed when the related service has been received.



## **Lease expense**

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

## **Bank accounts and cash**

Bank accounts and cash comprise cash on hand, cheque or savings accounts, and deposits held at call with banks.

Bank overdrafts are presented as a current liability in the statement of financial position.

## **Debtors**

Debtors are initially recorded at the amount owed. When it is likely the amount owed (or some portion) will not be collected, a provision for impairment is recognised and the loss is recorded as a bad debt expense.

## **Inventory**

Inventory is initially recorded at cost. Goods held for sale are subsequently measured at the lower of cost and their selling price.

Goods for use or distribution are subsequently measured at cost and written down if they become obsolete.

## **Property, plant, and equipment**

Property, plant, and equipment is recorded at cost, less accumulated depreciation and impairment losses.

For an asset to be sold, the asset is impaired if the market price for an equivalent asset falls below its carrying amount.

For an asset to be used by the Trust, the asset is impaired if the value to the Trust in using the asset falls below the carrying amount of the asset.

Depreciation is provided on a straight-line basis at rates that will write off the cost of the assets over their useful lives.

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

Furniture and fittings 5 years	(8.50% to 67%)
Computers Equipment 2 to 5 years	(40% - 67%)
Intangible Assets 5 years	(21%)
Motor vehicles 5 years	(21%)

## **Creditors and accrued expenses**

Creditors and accrued expenses are measured at the amount owed.

## **Employee costs payable**

A liability for employee costs payable is recognised when an employee has earned the entitlement. These include salaries and wages accrued up to balance date and annual leave earned but not yet taken at balance date.

### **Loans**

Loans are recognised at the amount borrowed from the lender. Loan balances include any interest accrued at year-end that has not yet been paid.

### **Provisions**

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

### **Income tax**

Tax expense, if applicable, is calculated using the taxes payable method. No allowance is made for deferred tax.

Tax expense will include a current tax liability and adjustments for prior year liabilities.

### **Budget figures**

The budget figures are derived from the statement of intent as approved by the Board at the beginning of the financial year. The budget figures have been prepared in accordance with Tier 3 standards, using accounting policies that are consistent with those adopted by the Board in preparing these financial statements.

### **Tier 2 PBE Accounting Standards applied**

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

## **CHANGES IN ACCOUNTING POLICIES**

There have been no changes to accounting policies.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
<b>1 Council funding</b>		
Grant from Hauraki District Council	120,000	116,325
Grant from Thames-Coromandel District Council	595,000	495,000
<b>Total council funding</b>	<b>715,000</b>	<b>611,325</b>
<b>2 Commissions, Website, Advertising &amp; Brochures</b>		
Website Listings	31,880	67,377
Brochures & Advertising	99,928	90,245
Commissions	81,776	47,058
iSite Retail	20,487	18,509
<b>Total Commissions, Website, Advertising &amp; Brochures</b>	<b>234,071</b>	<b>223,189</b>
<b>3 Other revenue</b>		
Net gain on sale of property, plant, and equipment		3,488
Other revenue	900	3,257
<b>Total other revenue</b>	<b>900</b>	<b>6,745</b>
<b>4 Employee related costs</b>		
Salaries and wages	467,463	342,601
Employer superannuation contributions	11,672	9,620
Other employee related costs	-	3,677
<b>Total employee related costs</b>	<b>479,135</b>	<b>355,898</b>
<b>5 Other expenses</b>		
Audit fees for the financial statement audit	12,000	12,000
Bad debt expense	-	-
<b>Total other expenses</b>	<b>12,000</b>	<b>12,000</b>

### 6 Income tax

Income tax had been calculated on Gross Interest Income. Income tax returns have been filed on behalf of the Trust in accordance with Destination Coromandel being a Charitable Trust incorporated pursuant to the Charitable Trust Act 1957 and undertaking a charitable purpose. Adjustments have been made in relation to income tax previously provided for.

#### Income tax expense

The Trust is currently in the process of formally obtaining confirmation that the income tax exemption available pursuant to Section CW40 of the Income Tax Act 2007 applies. The Trust previously took a conservative position and accrued for income tax but believes this is no longer appropriate given the feedback from Inland Revenue following representations made by its tax advisors to Inland Revenue regarding the application of Section CW40 of the Income Tax Act 2007, as applied by Inland Revenue to other CCO Charitable Trusts of similar ilk to the Trust. The Trust has created a contingent liability in Note 15 to recognise that despite not being a requirement of the Income Tax Act 2007, the request for formal confirmation that Section CW 40 of the Income Tax Act 2007 applies to Destination Coromandel is pending from Inland Revenue

## DESTINATION COROMANDEL *trust*

	2016	2015
<b>7 Bank accounts and cash</b>		
Cash on hand	800	800
Cheque account	12,551	9,876
Savings account	-	9,463
<b>Total bank accounts and cash</b>	<b>13,351</b>	<b>20,139</b>
Bank overdrafts	-	-2,051
Net bank accounts & cash for the purposes of the statement of cash flows	13,351	18,088
<b>8 Debtors and prepayments</b>		
Gross debtors	1,382	5,025
GST	30,158	17,737
Prepayments	987	6,900
<b>Total debtors and prepayments</b>	<b>32,526</b>	<b>29,662</b>
<b>9 Inventory</b>		
Items held for sale	12,465	7,530
<b>Total inventory</b>	<b>12,465</b>	<b>7,530</b>
<b>10 Property, Plant, Equipment and Intangibles</b>		
<b>Furniture and fittings</b>		
Carrying amount at 1 July	9,557	3,190
Additions	-	9,892
Disposals (net of accumulated depreciation)	144	-
Depreciation expense	1,345	3,525
<b>Carrying amount at 30 June</b>	<b>8,069</b>	<b>9,557</b>
<b>Computers and software</b>		
Carrying amount at 1 July	3,579	587
Additions	5,215	4,210
Disposals (net of accumulated depreciation)	-	-
Depreciation expense	2,263	1,217
<b>Carrying amount at 30 June</b>	<b>6,531</b>	<b>3,579</b>
<b>Motor vehicles</b>		
Carrying amount at 1 July	15,351	22,747
Additions	-	-
Disposals (net of accumulated depreciation)	-	-
Depreciation expense	7,396	7,396
<b>Carrying amount at 30 June</b>	<b>7,955</b>	<b>15,351</b>
<b>Intangibles</b>		
Carrying amount at 1 July	3,917	4,917
Additions	-	-
Disposals (net of accumulated depreciation)	-	-
Depreciation expense	1,000	1,000
<b>Carrying amount at 30 June</b>	<b>2,917</b>	<b>3,917</b>
<b>Total Property, Plant Equipment &amp; Intangibles</b>	<b>25,472</b>	<b>32,404</b>

	2016	2015
<b>11 Creditors and accrued expenses</b>		
Creditors	34,844	12,557
Provision for Audit	26,500	24,000
Provision for tax	1,734	1,734
Income in Advance	7,875	41,583
Accrued expenses	4,301	1,500
<b>Total creditors and accrued expenses</b>	<b>75,253</b>	<b>81,373</b>
<b>12 Employee costs payable</b>		
Accrued salaries (-Salaries in advance) and wages	-	-2,091
Annual leave	30,066	21,775
<b>Total employee costs payable</b>	<b>30,066</b>	<b>19,684</b>
<b>13 Equity</b>		
<b>Accumulated surpluses</b>		
Balance at 1 July	-13,374	-62,825
<i>Surplus/(deficit) for the year</i>	<i>-8,132</i>	<i>-2,005</i>
<i>Adjustment to deficits from prior years</i>	<i>-</i>	<i>51,456</i>
Balance at 30 June	-21,506	-13,374
<b>14 Commitments</b>		
There are no commitments since balance date.		
<b>15 Contingent liabilities</b>		
The Trust filed through its tax adviser, PWC (formerly TaxTeam), income tax returns that encompass taxation principally on interest revenue only. Should this be incorrect, payment of income tax of circa \$53,000 may eventuate along, potentially, with additional penalties and interest imposed by Inland Revenue		
<b>16 Related-party transactions</b>		
Related-party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect the Trust would have adopted in dealing with the party at arm's length in the same circumstances.		
John Sandford is a Trustee and was paid through John Sandford Limited for trustee fees, mileage claims and other expenses.		
Tony Coombe is a trustee and was paid for Trustee fees, mileage claims and other expenses. Tony replaced Brent Page as Trustee from 30 June 2015		
Scott Lee is a trustee and was paid for Trustee fees, mileage claims and other expenses. Scott replaced Graeme Osborne as a Trustee from 30 June 2015.		
<b>17 Trustee fees</b>		
John Sandford	15,000	9,000
A B Coombe	9,000	-
Scott Lee	9,000	-
Brent Page	-	13,750
Graeme Osborne	-	9,000
<b>Total trustee fees</b>	<b>33,000</b>	<b>31,750</b>

## **18 Events after the balance date**

No significant events have occurred since Balance date

## **19 Explanations of major variances against budget**

Explanations for major variances from the Trust's budgeted figures in the 30 June 2016 statement of intent are as follows:

### ***Statement of financial performance***

There are no major variances

### ***Statement of financial position and Statement of cash flows***

There are no major variances

### ***Statement of cash flows***

There are no major variances



*The Pinnacles*