



 **ANNUAL REPORT**
2016 / 17



**DESTINATION
COROMANDEL**

www.thecoromandel.com

Coastal Walkway

In another stellar year for New Zealand's tourism industry, Destination Coromandel has played a significant role in contributing to outstanding results for our regional economy. These results are reflected by \$436 million in visitor spend in *The Coromandel* in the year ending June 2017. This visitor spend is a gain of \$36 million (9%) over the previous year and significantly higher than the average of 6% gain for New Zealand Regional Tourism Organisations. In addition to the year's result, the Destination Coromandel team continued to build a sound platform for future success of The Coromandel. Consistent, focused and constant destination marketing, website and image library upgrades and increased visitor signage continue to help improve visitation and visitor spend for *The Coromandel*.

Nationally, the booming tourism industry has moved on from its rock star status as New Zealand's number one foreign exchange earner to an industry that is reacting to pressure – on accommodation supply in the cities, congestion at Auckland Airport, freedom camping in the regions and sheer numbers at hot spots around the country. *The Coromandel* has not escaped this pressure and new data sources support the volume the region enjoys, predominantly during summer.

Low-ratepayer-base districts such as Thames Coromandel and Hauraki have been afforded some respite by way of contestable Central Government Infrastructure Funds. Our Councils have been successful in securing Central Government Funding for infrastructure upgrades, in Hahei and Hot Water Beach and hopefully Karangahake Gorge in the near future.

The problems caused by a reactive response to growing visitor numbers, (not likely to let up in the short term), is causing New Zealand regions to consider a more proactive approach. And what an opportune time to plan ahead, rather than dedicating valuable resource reacting to pressure down the track.

With tourism being a critical industry for *The Coromandel's* growing economy, planning ahead to influence demand could also address one of our most pressing concerns, yield (or spend per visit).

New data* has highlighted the opportunity for new investment in The Coromandel, given the arrivals to the region on day and overnight trips, while also exposing the comparative low spend per traveller. While visitor numbers and spend continue to grow in The Coromandel, average visitor spend per trip is still lagging behind most other NZ regions.

This is the reason for our repetitive appeal for quality product development. We (The Coromandel), need to continue to add product to encourage year-round visitation and improved spend per visitor. The greater the range and geographic spread of customer-focused quality product available in The Coromandel, the better we'll be placed to encourage more visitors, to come more often, stay longer and spend more. Approximately 75% of our market, be it volume or value, is domestic. Our geographic location will allow us to continue reaping the benefits from our neighboring regions even during a downturn – provided we have quality offerings across a good range.

In the meantime our experienced marketing team will continue to improve their performance for The Coromandel, fulfilling the core marketing role required of a Regional Tourism Organisation. You only need to look at our official visitor guide, at www.thecoromandel.com, at our domestic campaigns, at our international marketing efforts and, the significant number of media and trade familiarisations to appreciate the calibre of work produced by the Destination Coromandel team. And that's not taking away anything from the performance of the two i-SITES (Thames and Whitianga) under Destination Coromandel management.

The team are now pursuing tactical marketing initiatives to address key challenges having consistently implemented baseline marketing activity. Meanwhile we'll continue to engage with the settlers of Destination Coromandel Trust and our key funders, Thames Coromandel and Hauraki District Council, both of which are eager to facilitate the untapped potential tourism presents for businesses in *The Coromandel*. We are pleased to present the annual accounts in this report. As promised when

established almost six years ago, Destination Coromandel continues to be managed prudently and deliver well above average results for its funders.

On behalf of the team and Board members of Destination Coromandel, we acknowledge the support we receive from the staff and councillors of both Hauraki and Thames Coromandel District Councils. Without that support, both financial and moral, Destination Coromandel would not be able to carry out its role of helping improve the economic, financial, cultural and social wellbeing of the two districts through increased visitor activity and spend.

To all the businesses in *The Coromandel*, thank you for doing your part to make the visitor experience of *The Coromandel* as special as it is.

I also record here my appreciation of the outstanding contribution made to the success of Destination Coromandel and for *The Coromandel* by our operational team and by my fellow directors. Together they comprise a committed, focused and pragmatic team of professionals who go out every day, determined to be the very best they can for *The Coromandel* and all that it represents.



John Sandford Trustee and Chair, Destination Coromandel Trust

The Coromandel has enjoyed record results in all key measures for the year ending June 2017. Visitor spend was up 9% compared to 6% nationally. Commercial guest nights increased 7.5% and total guest nights were up 10%. However, the year was not without its challenges, particularly the unseasonal Autumn weather, which was far from the *Endless Summer* we intended to promote to our core market.

Domestic travel represents 76% of total visitor spend for *The Coromandel*, with 60% coming from our drive market alone (Auckland, Waikato and Bay of Plenty). This year we released a video series featuring the region's towns in more depth. The *Search and Explore* series was designed to encourage visitors to enjoy more of *The Coromandel*.

Destination Coromandel has invested significant resource in its digital platform including an overhaul of www.thecoromandel.com. This enables the website to evolve with technology and reduces the need for new website builds in the future. The *Search and Explore* video series, our shared events calendar tool and new image library are enhancements to *The Coromandel* digital platform that support our tactical marketing approach.

The Coromandel good for your soul brand will always remain at the heart of our marketing activity. We have continued to expand the reach of the brand (and logo), installing visitor information signs and billboards. Particularly impressive are the truck and trailer curtains blazoning our message on their daily commute between the region and Auckland. This helps keep *The Coromandel* top of mind, driving preference to visit.

While domestic visitors provide the bulk of our visitor spend, international visitors are providing much of the growth in spend in our region (22% YE June 17) and demanding more of Destination Coromandel's resource as a result. This is off the back of a 10.2% increase in international arrivals to New Zealand, years of investment in travel trade marketing, and successive joint ventures with Tourism New Zealand into our most valued offshore market (Australia contributed \$26m into our local economy). China contributed a modest but healthy \$2 million, despite Destination Coromandel not targeting this market outside of baseline international activity.

Our small and experienced team continues to work hard to maximise the impact of our marketing activity while building a strong platform. As a result, with the continued support of our stakeholders, we are better prepared to address the ongoing challenges of shoulder season travel, regional dispersal, and yield.

The Thames and Whitianga i-SITES managed by Destination Coromandel performed better than anticipated and despite the fact that door numbers saw minimal change.



Hadley Dryden
General Manager, Destination Coromandel

By default domestic marketing activity continues to be at the core of Destination Coromandel's work. Our digital channels and brand activity reach an audience that is predominantly domestic.

Reaching more people, more often as a result of core business proved successful for *The Coromandel*, particularly in the media environment. Partnering with MORE FM secured nationwide radio promotion, hosting influential media and bloggers allowed us to showcase the region's food and outdoor offering in the middle of winter. Facilitating promotional coverage during Rally NZ and hosting the Ford Mondeo team for their Eco Boost Engine write-up allowed the region to gain advertising value that is otherwise unattainable.

The Hauraki Rail Trail encourages year round travel and regional spread, hence budgeted advertising in national publications like *On Your Bike (NZME)* and *Great NZ Summer Road Trip*.

Some important measures around the domestic market for The Coromandel:

	TOTAL	% INCREASE	DOMESTIC	% INCREASE
thecoromandel.com	612,370	5.1%	446,277	1.0%
Commercial Nights	904,133	7.5%	625,140	9.8%
Total Visitor Nights	4,762,716	9.1%	N/A	N/A
Visitor Spend	\$435m	9%	\$330m	5.4%

Domestic travelers spent an additional \$17 million year end June 2017 compared to the previous year. The increase was largely absorbed by retail categories which make up the greater proportion of domestic visitor spend. Autumn and Spring travel continues to grow contributing to a 7-month long tourism season. The months of October through to April each contribute at least \$30 million in visitor spend to the local economy.

In addition to business-as-usual projects, Destination Coromandel developed a campaign to showcase the region and its communities at a deeper level. Best described as a virtual map, a video series was crafted to provide inspiration and reasons to visit while featuring place names and coordinates to subtly influence planning by the audience.

The series began in Northern Coromandel, centered around Coromandel Town and its many attractions. Thames, Hauraki Plains & Seabird Coast, Paeroa and Waihi were the next to feature during the autumn 2017 shoulder season campaign. The videos have accumulated over 520 thousand views and reached 1.2 million people. The audience response was impressive with over 5,500 shares to date on Facebook.

Filming of the Eastern Seaboard towns was not completed because of poor weather conditions. The remaining videos are scheduled for completion and release in the coming spring 2017, shoulder season. This rescheduling was important owing to an unseasonably wet March and in particular, the passing of Cyclone Cook, forecast to hit *The Coromandel* during Easter. Once it was identified that the cyclone had landed further south, Destination Coromandel was quick to produce a press release and targeted Facebook ads announcing that *The Coromandel* was open for business, in an effort to salvage visitation in this crucial holiday period.

This campaign reflects a confidence in Destination Coromandel's knowledge of our target markets, what content appeals and how to reach them, not to mention the ability to leverage local advocacy.

Once finished the series completes a major task in promoting different communities at depth. This content can be promoted and repurposed for years to come allowing us to focus on regional priorities going forward.

With the contribution made by International visitors to the region's economy increasing by 22% to \$106 million this year, this sector of our market continues to perform well. With an established suite of activity, in partnership with Tourism New Zealand and export-ready local businesses, Destination Coromandel continued to focus on developing trade relationships and providing a conduit for regional tourism business to contract product in the international distribution chain, and to increase international sales for the region.

Some important measures around the international market for *The Coromandel*:

	TOTAL	% INCREASE	INTERNATIONAL	% INCREASE
thecoromandel.com	612,370	5.1%	166,063	18%
Commercial Nights	904,133	7.5%	278,993	2.5%
Total Visitor Nights	4,762,716	9%	NA	NA
Visitor Spend	\$436m	9%	\$106m	22%

For off-shore marketing activities we continued our tactical collaboration with seven other Central North Island regions, to gain cost-effective representation at Tourism New Zealand trade events without our attendance. This year that collaborative activity comprised events in Australia, India, North America and Latin America, plus additional independent sales activity in the US and Canada

The Australian market remained a key focus for marketing by Destination Coromandel, delivering \$26 million in visitor spend this year, representing an increase of 30% on last year. Destination Coromandel travelled with a Tourism New Zealand Australian roadshow, with 600 selected agents trained over 4 events. Building on the success of the joint venture consumer campaigns of previous years, Destination Coromandel invested \$25,000 in a Tourism New Zealand campaign, that had a total campaign spend of \$1.1 million. East coast Australia consumers were the target market, achieving the overall objective of increasing shoulder season travel.

A highlight for our region was the media portion of the Tourism New Zealand Australia campaign featuring *The Coromandel*, including a social media influencer and a second airing of two episodes of Garden Gurus television show, with an equivalent advertising value of \$110,000.

New Zealand-based trade shows provide an important platform for our tourism business operators to connect with trade partners in a cost-effective manner. Tourism Rendezvous New Zealand (TRENZ) in Auckland, remained New Zealand's largest international travel trade event. Through scheduled appointments with 50 selected international travel buyers from the 350 attending, Destination Coromandel was able to connect with commercial opportunities in our key markets, and update agents on news and tips for selling our region. There was strong interest in contracting product of *The Coromandel*, especially from European markets and genuine international demand for product that lies "off the beaten track".

The annual *Explore Central North Island* trade event at Eden Park attracted 172 New Zealand-based travel agents over the course of the day, with 82 exhibitors, including 7 from The Coromandel. This event continues to provide a key platform for export-ready tourism businesses to connect directly with these important trade contacts who have vital specialist knowledge and complex and well-established wholesaler relationships in international markets. This event is a cornerstone activity of the *Explore Central North Island* marketing collective, ECNI, in which Destination Coromandel invests.

All our marketing activity was reinforced by hosting relevant trade and media, to deliver first-hand the great experiences tourism operators of *The Coromandel* have on offer. While there is always a focus on increasing agents' knowledge of contracted product, the in-region visits are a great opportunity to introduce new product and to sell the overall quality of experience that guests will enjoy when they visit our region. Over the year we hosted 28 international journalists from a range of print and digital channels, plus 72 travel trade representatives, all with the generous support of local tourism businesses.

Along with *The Coromandel, good for your soul* brand, our digital platform continues to be one of the most valued assets Destination Coromandel has established. The platform is crucial to the success of quality marketing content initiatives such as the *Search and Explore* video series. The videos are hosted on YouTube, embedded on www.thecoromandel.com and promoted on Facebook.

Our focus on consumer relevance has not wavered in the digital environment. Investment has continued to promote *The Coromandel* as effectively as budget allows. Modifying content for an increasingly time-poor audience is evidenced on www.thecoromandel.com 'Must Do' pages. These pages now feature quick facts (such as walking track status, safety tips, tour options) for people dreaming, planning and in the moment.

The Coromandel has a wonderful array of events so it's important that accurate event information is consistently presented at any given opportunity to encourage visitation. Destination Coromandel developed an event feed (iFrame) allowing events listed on www.thecoromandel.com to be hosted on other websites. This iFrame has provided the consistency of information and potential reach desired. Already there are at least 15 websites that feature the iFrame, helping event promoters reach multiple websites by uploading their event on www.thecoromandel.com. The iFrame allows web hosts to tailor displayed events by type and location should they wish.

The increase of 5.3% in visits to www.thecoromandel.com on the previous year is our lowest recorded annual increase. While a drop in traffic was anticipated due to a site migration to a new open source system (effectively a website rebuild), we did not expect the results to be as low for a sustained period. Unanticipated technical issues with content migration and site optimization were encountered over several months. Nonetheless, the upgrade is a long-term investment that will allow Destination Coromandel to select digital agencies best suited for particular development while also enabling an evolving system.

At the time of the upgrade Google began displaying its own destination content ahead of others which saw a dramatic drop in organic search results for Destination Marketing Organisation websites around the world.*

Google wasn't alone in providing a reduced number of referrals. Facebook referrals dropped significantly as a result of their reduced organic reach on each post and www.newzealand.com referrals were down 39% on the previous year. However, our domestic *Search and Explore* series increased video views on our Facebook and Youtube channels, whereas in previous years the call to action was www.thecoromandel.com. Our specific Facebook and YouTube channels, provided a significant source of traffic.

In spite of the setbacks, we are confident the website investment will pay off, with the last quarter of the 16/17 FY delivering a 46% increase in traffic to www.thecoromandel.com compared to the same period last year.

**Miles Partnership compiled data from 26 DMO's around the world with data supporting anecdotal evidence that organic traffic growth has been moderate. <http://www.milespartnership.com/blog/google%E2%80%99s-expanding-role-travel-undermining-organic-traffic-growth-destinations>.*

The ownership and governance of the Whitianga i-SITE has now been with Destination Coromandel for 3 years and Thames i-SITE for 2 years. Although managed and governed by Destination Coromandel, both i-SITES have separate staff, accounts, and balance sheets to separate them from the core function and activities of Destination Coromandel. In addition, the i-SITES make a contribution to the governance and overhead costs of Destination Coromandel.

Whitianga continues to be steady with door numbers up by 650 on the previous year while Thames' declining door numbers reflect the general pattern for information centres around New Zealand and indeed, the world.

Although visitor centre door number have decreased at Thames, Thames' commission on sales and retail income was better than budgeted reflecting this centre's ability to convert sales a significant achievement for the year. Adding to this performance was InterCity's acknowledgement of Thames being one of their top 30 nationwide sellers for the second year in a row (Thames was placed 14th). More local commissionable product from local operators would no doubt improve sales even more.

Whitianga performed well and against national and international visitor centre trends. A robust local tourism sector fuelled demand for advertising as is reflected in the additional \$6000 in advertising income and retail sales also performed well, while commissions on sales were static.

The i-SITE team have performed well with efficiencies in operations. Independent feedback from visitors via the Customer Radar mobile app applauded the teams' service. Like other tourism businesses, retaining i-SITE staff is challenging due to seasonality. In the case of Whitianga the challenge was a blessing with two staff taking maternity leave and another leaving to further their career in the travel industry. During this time Thames took on an intern studying for a Diploma in Tourism and a Thames High School student for work experience.

Destination Coromandel continued to identify ways to manage the two i-SITES efficiently for our stakeholders. We are conscious of the changing behaviour of the traveller and prepared to adapt our modus operandi as the i-SITE model evolves into the future.



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Financial Statements have been prepared independently.

ENTITY INFORMATION FOR THE YEAR ENDED 30 JUNE 2017

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 2017

Notes	Actual 2017	Budget 2017	Actual 2016
Revenue			
1 Combined Councils funding	670,474	693,000	715,000
2 Commission, Website, Advertising & Brochures	160,659	151,600	131,808
3 Other Revenue	119,177	103,051	103,163
Interest revenue	362	1,475	1,161
<i>Total revenue</i>	<i>950,672</i>	<i>949,126</i>	<i>951,132</i>
Expenses			
4 Employee-related costs	490,958	512,446	479,872
Advertising and marketing costs	296,286	255,000	292,248
Lease expense	2,413	2,520	2,413
10 Depreciation of property, plant, and equipment	12,455	11,400	12,147
Costs of providing goods and services	107,316	115,504	127,542
18 Trustee fees	32,743	33,067	33,000
Interest on bank overdraft	-	-	42
5 Other expenses	16,246	21,666	12,000
<i>Total expenses</i>	<i>958,417</i>	<i>951,603</i>	<i>959,264</i>
Surplus/(deficit)	(7,745)	(2,477)	(8,132)
6 Reversal of Income tax provisions in 2012, 2013 & 2015	-	-	-
Adjusted Surplus funds	(7,745)	(2,477)	(8,132)

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

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

Notes	Actual 2017	Budget 2017	Actual 2016
Assets			
Current assets			
7 Bank accounts and cash	92,626	91,275	13,351
8 Debtors and prepayments	13,084	13,525	32,526
9 Inventory	23,951	32,465	12,465
<i>Total current assets</i>	<i>129,661</i>	<i>137,265</i>	<i>58,342</i>
Non-current assets			
Property, plant, equipment and intangibles	13,017	14,071	25,472
<i>Total non-current assets</i>	<i>13,017</i>	<i>14,071</i>	<i>25,472</i>
Total assets	142,678	151,336	83,814
Liabilities			
Current liabilities			
7 Bank overdraft	-	-	-
11 Creditors and accrued expenses	137,451	141,319	75,253
12 Employee costs payable	34,477	34,000	30,066
<i>Total liabilities</i>	<i>171,928</i>	<i>175,319</i>	<i>105,319</i>
Total assets less total liabilities	(29,250)	(23,983)	(21,505)
Trust equity			
13 Accumulated surpluses/deficits	(29,250)	(23,983)	(21,505)
Total Trust equity			

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2017

Notes	Actual 2017	Budget 2017	Actual 2016
Cash flows from operating activities			
Receipts of council funding	690,474	693,000	715,000
Receipts from sale of goods and services	312,938	316,387	282,607
Interest, dividends, and other investment receipts	362	1,475	1,161
Payments to suppliers and employees	(946,982)	(954,044)	(993,798)
Interest paid	-	-	(42)
GST	27,177	27,177	(9,145)
<i>Net cash flow from operating activities</i>	<i>83,969</i>	<i>83,995</i>	<i>(4,217)</i>
Cash flows from investing and financing activities			
Payments to acquire property, plant, and equipment	(4,694)	-	(521)
Repayment of loans	-	-	-
<i>Net cash flow from investing and financing activities</i>	<i>(4,694)</i>	<i>-</i>	<i>(521)</i>
Net increase/(decrease) in cash for the year	79,275	83,995	(4,738)
Add opening bank accounts and cash, including bank overdraft	13,351	13,350	18,088
Closing bank accounts and cash, including bank overdraft	92,626	97,345	13,350

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

STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2017

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 13.5%)
Computers Equipment	2 to 5 years	(40%)
Intangible Assets	5 years	(20%)
Motor vehicles	5 years	(20%)

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

The have been no changes to accounting policies.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
1 Council funding		
Grant from Hauraki District Council	120,474	120,000
Grant from Thames-Coromandel District Council	550,000	595,000
Total council funding	670,474	715,000
2 Commissions, Website, Advertising & Brochures		
Website Listings	53,750	31,880
Brochures & Advertising	106,910	99,928
Commissions	86,042	81,776
iSite Retail	33,135	20,487
Total Commissions, Website, Advertising & Brochures	279,837	234,071
3 Other revenue		
Net gain on sale of property, plant, and equipment		
Other revenue	-	900
Total other revenue	-	900
4 Employee related costs		
Salaries and wages	478,873	468,200
Employer superannuation contributions	12,085	11,672
Other employee related costs	-	
Total employee related costs	490,958	479,872
5 Other expenses		
Audit fees for the financial statement audit	-	12,000
Bad debt expense	-	-
Total other expenses	-	12,000

6 Income tax

Nil 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 previous years in relation to income tax previously provided for.

Income tax expense

The Trust has applied Section CW40 of the Income Tax Act 2007 in accordance with its Trust Deed and Constitution. This is consistent with advice from its Tax advisers and the precedent established by Inland Revenue to other CCO Charitable Trusts established in the same form as that of the Destination Coromandel Trust. The Trust has outlined in Note 15 a contingent liability to record 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. Inland Revenue may have views on structural types which may need to be tested, having approved these structures previously.

	2017	2016
7 Bank accounts and cash		
Cash on hand	800	800
Cheque account	91,825	12,551
Savings account	-	-
Total bank accounts and cash	92,625	13,351
Bank overdrafts	-	-
Net bank accounts & cash for the purposes of the statement of cash flows	92,625	13,351
8 Debtors and prepayments		
Gross debtors	2,415	1,382
GST	10,669	30,157
Prepayments	-	987
Total debtors and prepayments	13,084	32,526
9 Inventory		
Items held for sale	23,951	12,465
Total inventory	23,951	12,465
10 Property, Plant, Equipment and Intangibles		
Furniture and fittings		
Carrying amount at 1 July	8,416	9,557
Additions	-	-
Disposals (net of accumulated depreciation)	-	143
Depreciation expense	1,055	998
Carrying amount at 30 June	7,361	8,416
Computers and software		
Carrying amount at 1 July	6,184	3,579
Additions	-	4,694
Disposals (net of accumulated depreciation)	-	-
Depreciation expense	3,359	2,089
Carrying amount at 30 June	2,825	6,184
Motor vehicles		
Carrying amount at 1 July	7,955	15,351
Additions	-	-
Disposals (net of accumulated depreciation)	-	-
Depreciation expense	7,042	7,396
Carrying amount at 30 June	913	7,955
Intangibles		
Carrying amount at 1 July	2,917	3,917
Additions	-	-
Disposals (net of accumulated depreciation)	-	-
Depreciation expense	1,000	1,000
Carrying amount at 30 June	1,917	2,917

	2017	2016
11 Creditors and accrued expenses		
Creditors	100,086	34,844
Provision for Audit	26,500	26,500
Provision for tax	1,734	1,733
Income in Advance	8,546	7,875
Accrued expenses	585	4,301
Total creditors and accrued expenses	137,451	75,253
12 Employee costs payable		
Accrued salaries (-Salaries in advance) and wages	7,259	-
Annual leave	27,218	30,066
Total employee costs payable	34,477	30,066
13 Equity		
Accumulated surpluses		
Balance at 1 July	(21,506)	(13,374)
<i>Surplus/(deficit) for the year</i>	<i>(7,745)</i>	<i>(8,132)</i>
<i>Adjustment to deficits from prior years</i>	<i>-</i>	<i>-</i>
Balance at 30 June	(29,251)	(21,506)
14 Commitments		
There are no commitments since balance date.		
15 Contingent liabilities		
In prior years, The Trust filed through its tax adviser, PWC , income tax returns that encompassed taxation principally on interest revenue only. Should this be incorrect, payment of income tax of circa \$40,300 may eventuate along, potentially, with additional penalties and interest imposed by Inland Revenue		
16 Related-party transactions		
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.		
Scott Lee is a trustee and was paid for Trustee fees, mileage claims and other expenses.		
17 Trustee fees		
John Sandford	14,743	15,000
A B Coombe	9,000	9,000
Scott Lee	9,000	9,000
Total trustee fees	32,743	33,000

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 2017 statement of intent are as follows:

Statement of financial performance

Marketing expenses incurred that were not planned included;

Digital - Snap Information Technology Cameras to stream images of the region	10,000
Brand - Branded Truck and Trailer curtains	10,000
- Brand stand for consumer and trade events (e.g. Lions Rugby Tour)	3,000
- Map & Brochure Sign at Cornerstone St SH2	4,000
Domestic - Additional costs shooting content for Search and Explore domestic video series	8,000
International - Additional costs hosting trade and media	1,600
- Tourism New Zealand All Stars Travel Trade workshop subscription	2,000
- Australia Tourism New Zealand Roadshow	3,000
- TRENZ, additional costs	2,000

43,600

Statement of financial position and Statement of cash flows

There are no major variances

Statement of cash flows

There are no major variances

