



 **BayVenues**

ANNUAL REPORT

Financial Statements for the
Year ended 30 June 2026



Tauranga City

Bay Venues is a Tauranga City Council organisation.

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Facilities

- Mercury Baypark (Arena, Stadium and Pavilions)
- Adams Centre for High Performance
- Three Community Centres
- Five Sports Centres
- Seven Aquatic Facilities
- Six Community Halls



Tauranga City

These facilities are operated by Bay Venues, a Tauranga City Council organisation.

Mercury  **BAYPARK**

**COMMUNITY
CENTRES & HALLS**

**TAURANGA
POOLS**

 **BayActive**

BaySwim

CLUBfit

Baywave
CITY OF TAURANGA

 **MOUNT
HOT POOLS**

 **ADAMS CENTRE
FOR HIGH PERFORMANCE**

BayAudioVisual

BayCatering



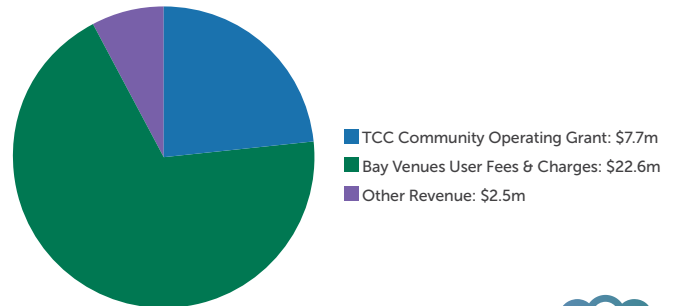
OUR YEAR IN NUMBERS

NET SURPLUS BEFORE TAX (UNFUNDED)*

\$37,363

(11% behind budget)

OPERATING REVENUE SOURCES



OPERATING REVENUE

\$32,728,118

(8% ahead of budget)

\$7.7m TCC COMMUNITY OPERATING GRANT

\$0.8m COMMUNITY HUBS

\$7.9m AQUATICS

\$10.5m EVENTS & ASSOCIATED ACTIVITIES

\$5.3m SPORTS & FITNESS

\$0.5m BUSINESS SUPPORT

NON-OPERATING REVENUE

\$7.2m TCC RENEWALS FUNDING

\$0.9m TCC DEBT SERVICING

VISITS TO OUR FACILITIES

2,100,902

(0.04% ahead of target)

755,584
AQUATICS

304,957
COMMUNITY HUBS

846,971
SPORTS & FITNESS

193,390
EVENTS



CUSTOMER SATISFACTION SCORE

85.1%

(0.1% ahead of target)



SIGNIFICANT EVENTS (OVER 500 PEOPLE)

95

(27% ahead of target)



OUR PEOPLE

Full Time Equivalent (FTE)

188

Number of Staff (Headcount)

265**

FY26 PAY GAP REPORTING

Gender **3.6%**

(32% ahead of national benchmark***)

Māori **0.1%**

Pacific Peoples **3.2%**

Bay Venues is registered to Mind the Gap, an organisation dedicated to supporting and publishing New Zealand organisations' efforts in addressing pay equity.

*Net Surplus Before Tax (Unfunded) is net profit after funding and capital costs on assets Bay Venues is responsible for funding. It does not include funding and capital costs on assets funded by Tauranga City Council. It does include estimated Mount Hot Pools insurance proceeds.

**Includes permanent full-time & part-time staff, as well as fixed-term staff. Excludes casuals.

***Manatū Wāhine (Ministry for Women) reported a national gender pay gap of 5.3% for 2026.



OUR YEAR IN REVIEW

Strong Community Outcomes and Financial Stability in a Resilient Year

Our network of community facilities continued to deliver strong outcomes for the people of Tauranga and Western Bay of Plenty in the year ended 30 June 2026. Supported by Tauranga City Council's ongoing investment in community infrastructure, we achieved both visitation and customer satisfaction targets and hosted a busy and varied events programme that added vibrancy to our city and attracted thousands of visitors.

This was also a year that tested our resilience, with sustained economic challenges as well as significant community disruption following the Mauao landslide tragedy in January. Through strict cost controls, targeted efficiencies and new revenue-generating initiatives, we withstood the financial pressures while also absorbing an 8.5% decrease in operating funding, finishing the year with a balanced budget and small surplus.

This positive performance reflects the adaptability, dedication, and hard work of our people and our focus, as a team, to deliver more for less. All while protecting the quality and accessibility of the spaces and experiences that connect our community every day. We would like to thank Tauranga City Council for its enduring support, guidance, and collaboration.

Spaces to Belong, Experiences to Connect

Community demand remains high right across our venue network. We finished the year with 2,100,902 visits, even with the Mount Hot Pools being closed for the second half of the year. Customer satisfaction also remained on target, finishing slightly above 85%.

This year, our facilities hosted 95 significant events (each attended by 500 or more people), including major sporting tournaments, cultural gatherings, conferences, gala dinners, expos, live music and comedy, weddings, as well as other community celebrations and entertainment offerings. Highlights included The Classic basketball tournament by HoopNation, the ever-growing Zespri AIMS Games, two national kapa haka festivals, the Zespri Momentum international conference, the Civil Contractors New Zealand conference, and Famous Last Words, a sold-out New Year's Eve music festival at Mercury Baypark. These events, alongside the everyday sport, recreation and community activities that fill our venues each week, show the enduring value of shared public spaces in our fast-growing city.



Mauao and the Mount Hot Pools

The Mauao landslide tragedy and resulting damage and closure of the Mount Hot Pools in late January created one of the most significant challenges in Bay Venues' history. Our first priority was supporting our people, customers, and community, while working closely with Tauranga City Council, mana whenua, emergency services and other agencies through the response and recovery phases. The impact of the Mauao and Welcome Bay landslides will be felt for a long time, and this has been a heartbreaking year for our community. Our thoughts remain with all the families directly affected. We will continue to work with Council, the Mauao Trust and the community to understand the future of the Mount Hot Pools and how we can achieve the best outcome for our city.

Financial Stability in a Constrained Operating Environment

This year Bay Venues maintained financial stability in what has been an increasingly constrained environment of rising costs, reduced operating funding, and changing customer spending patterns. Operational discipline, along with commercial partnerships and new revenue streams, helped deliver a small Net Surplus Before Tax (Unfunded) of \$37,363, which was 11% behind budget. Total revenue for the year was \$32,728,118 – 8% ahead of budget.

Our commercial operations continued to strengthen and diversify our revenue base, which is helping to offset the cost of running the city's network of community facilities. Our swim school BaySwim is performing strongly and was recognised with a national award this year for its innovative learn-to-swim programmes, which now have more than 10,000 annual enrolments across five venues in Tauranga and Western Bay, from babies right through to adults.

Bay Catering was also named Industry Supplier of the Year at the national 2025 EVANZ Awards and has expanded its reach beyond Mercury Baypark to cater for weddings, conferences and other business functions at venues across the city and further afield. These are just two examples of how we are balancing community needs with commercial opportunities. Being commercial in mind, while keeping community at heart, remains essential to us delivering value for money for Tauranga City Council and our ratepayers.



OUR YEAR IN REVIEW



Regional Approach to Aquatics

This year, Bay Venues was awarded a pool service delivery contract by Western Bay of Plenty District Council to operate its two seasonal community pools in Te Puke and Katikati, marking an important step in our regional approach to aquatic facility management. Our Aquatics team successfully completed its first season operating both pools, strengthening local access to aquatic activities while keeping management within the region. Our team has also supported planning for the Mount Maunganui College 50m pool project.

Kaitiaki of Community Facilities

We continue to balance day-to-day delivery with the long-term stewardship of more than 20 community facilities, many of which are decades old. The end-of-life Memorial Pool was closed this year after 70 years of operation, making way for the new Memorial Park Aquatic Centre development that is proposed to be built on the same site. Planning is also underway for future improvements at Baywave, Ōtūmoetai Pool, and Queen Elizabeth Youth Centre.

Several important maintenance and renewal projects were completed across the network this year, including replacing the roof and painting at Mount Maunganui Sport & Recreation Centre, resurfacing six sports courts at Mercury Baypark Arena, and refurbishing and painting areas of Arataki Community Centre. We have been adding more prominent Tauranga City Council branding as we update signage around our venues as part of our renewal programme. Renewal work was also completed in the main commercial kitchen and café at Mercury Baypark for the first time in 25 years. Queen Elizabeth Youth Centre is now the home of the Tauranga Whai men's and women's basketball games, with improvements made to ensure the venue is fit for purpose including floor-mounted hoops.

Future-Focused Projects

Alongside our day-to-day operations, Bay Venues also progressed major projects with Tauranga City Council and other partners that will support future community needs. These included planning for the proposed Memorial Park Aquatic Centre, the extension of Mercury Baypark Arena, the relocation of Tauranga Netball Centre to Mercury Baypark,

new arrangements for speedway, and longer-term network planning to respond to growth, ageing assets and changing participation needs. These projects are important steps toward addressing capacity constraints across Tauranga's community infrastructure, particularly aquatic and indoor court space.

Looking Ahead

This year has reinforced the importance of organisational preparedness and resilience. Bay Venues continues to strengthen its approach to health and safety, risk management, and asset stewardship, with a strong focus on enhancing the systems, controls, and oversight that protect our people and keep our visitors and assets safe. This work also supports sustainable performance and informed decision-making.

The year also brought changes to the Bay Venues Board, with Shadrach Rolleston and Gareth Green joining as new directors, along with new Board intern Carey Manuel. We would like to welcome our new Board members and also acknowledge outgoing directors Jeremy Curragh and Gareth Wallis and thank them for their contribution over the past five years.

We enter the new financial year with persistent pressure on funding, facility demand at peak times, and delivery capacity, but also with strong foundations. The revenue impact of the current Mount Hot Pools closure will be offset by insurance proceeds until approximately December 2026, after which lost profit will not be covered. We will keep exploring new and innovative ways to generate revenue while also trying to find a fair balance between what Council and ratepayers contribute and what users pay. This means regularly reviewing user fees and charges, as well as service levels.

Our refreshed governance team has the experience and focus needed to guide the organisation through this complex period. Across the organisation, our people are adapting to change while maintaining high service standards for our customers and community.

The year ahead will require ongoing discipline, collaboration, and adaptability, and our purpose remains clear: creating spaces to belong and experiences to connect. This purpose guides our everyday work and is made possible by the combined efforts of our Bay Venues team, Tauranga City Council, our partners, customers, user groups, and the wider community.



Simon Clarke, Chair



Chad Hooker, CEO



FINANCIAL PERFORMANCE

	FY26 SOI (\$000's)	FY26 Budget (Updated) (\$000's)	FY26 Actual (\$000's)
Operating Revenue	30,284	30,284	32,728
Less: Operating Expenses	(29,978)	(29,978)	(32,554)
EBITDA	306	306	174
Less: Finance & Depreciation Costs (Unfunded)	-	(264)	(137)
Net Surplus Before Tax (Unfunded)	306	42	37
<i>Add:</i>			
TCC Renewal Funding	7,667	7,367	7,160
TCC Debt Servicing Grant	929	1,174	929
<i>Less:</i>			
Finance & Depreciation Costs (Funded)*	(11,325)	(11,061)	(10,658)
Profit/(Loss) on Disposal **			(3,147)
Net Surplus /(Deficit) Before Tax	(2,423)	(2,478)	(5,679)

*Finance and depreciation costs were not split between funded & non-funded in the FY26 SOI.

**The loss on disposal primarily reflects the partial disposal of building assets arising from facility upgrade projects, the decommissioning of Memorial Pool, and assets written off following the January 2026 Mount Hot Pools landslide event.



STATEMENT OF INTENT PERFORMANCE

Activity	Target	Status	Commentary
We will maximise activity and events	Host >2.1 million visits to our facilities	✓	2.101 million visits were recorded in FY26. This result was achieved despite the Mount Hot Pools closure from January 2026.
	Host >75 significant events (500+ people)	✓	A total of 95 significant events were held in FY26 across all Bay Venues venues (incl sports tournaments).
	Achieve a customer feedback rating >85%*	✓	Of 2,082 survey responses received, 1,772 were highly satisfied or satisfied, resulting in a year end satisfaction rating of 85.1%.
	No preventable serious harm incidents in our facilities**	—	In September 2025, a 3-year-old at Baywave experienced a near drowning after entering the leisure pool unsupervised; the child was successfully resuscitated. While this was the only preventable serious harm incident recorded during the year, the measure is assessed on a zero-incident basis and therefore the target was not achieved.
We will look after our assets	No preventable unplanned facility closures (>4 Hours)	✓	There were no preventable unplanned closures this year.
	Capital Programme v budget within 5%	✓	We delivered 98.3% of our overall capital programme of \$9.7m in FY26.
	Reduce energy consumption by 5% on key sites	—	Energy consumption across key facilities decreased by 2.2% in FY26, falling short of the 5% reduction target. Increased energy consumption at Baywave and Baypark offset reductions at the Mount Hot Pools and the Adams Centre following solar panel installation, with the Mount Hot Pools closure also contributing.
	Key capital projects within 5% of budget	✓	Final kitchen project cost was \$1.21m with a budget of \$1.18m (3% over). The Arena 6 court re-surfacing budget was \$222,097 and was completed for \$222,795 (0.3% over budget).
We will leverage our capability	Financial performance	—	FY26 EBITDA of \$174k was \$132k below budget. Despite missing the Statement of Intent EBITDA target against budget, Bay Venues was pleased to report a Net Surplus Before Tax (Unfunded) of \$37k, maintaining financial stability in what has been an increasingly constrained environment of rising costs, reduced operating funding, and changing customer spending patterns. See page 5 for calculation.
	Secure one commercial partnership	—	A high volume of commercial partnership opportunities have been pursued during the reporting period, however no agreements have been secured. Challenging economic conditions have reduced partner appetite and slowed sponsorship commitments.
We will build our capability	Achieve >65% team engagement	—	Annual staff engagement score of 63% was up 5% year on year and slightly below the 65% target.
	Achieve <30% staff turnover	✓	Overall staff turnover is currently tracking at 27%, ahead of the FY26 target of 30%. This reflects a significant difference between our permanent full-time workforce (14%), and our more mobile part-time workforce (40%).
	Implement stakeholder engagement plan	✓	The stakeholder engagement strategy and plan have been developed and approved, meeting the FY26 success measure. Implementation is underway as part of a multi-year programme of work.

Traffic Light Status Key ✓ On track and remaining so — Off track and needing further monitoring

Refer to the Statement of Intent for Individual Weightings of Balanced Scorecards Measures.

* This measure is from a survey of customers who on a 5-point rating scale, with 3 being neutral, rated their satisfaction as satisfied or better.

** Preventable means that Bay Venues was reasonably able to identify a hazard before it occurred and stop harm from occurring by eliminating a hazard or minimising the hazard so far as reasonably practicable.



OUR STORIES

Community Hub Marks Milestone

Pāpāmoa celebrates the 20th birthday of its local library and community centre.



Pouwhenua ō Tamapahore

A significant but seldom seen artwork depicting a prominent Ngā Pōtiki chief has been relocated to stand proudly at the entrance of Mercury Baypark.



Bay Venues Now Operates Two Western Bay Pools

The partnership brings new aquatic opportunities for the Te Puke and Katikati communities, while keeping the running of the pools local.

Haumarū is Humming!

Tauranga's newest indoor sports facility has become a thriving hub of community connection, competition and recreation in the central city.



Race You To The Bottom!

Meet the Hulsebosch siblings: a downhill duo at the top of their mountain biking game, making the most of the Adams Centre for High Performance in Mount Maunganui, a world-class facility in their own backyard.

Tauranga's SWISH Ballers Have Got Game

The walking basketball group is proving there is no age limit when it comes to playing the sport you love.



The Rebound Lab

A low-impact community workout with high-impact benefits, these classes at Bethlehem Hall have quickly formed a dedicated following.



BaySwim Recognised Nationally for its Innovative Programmes

More than 10,000 learn-to-swim enrolments have been delivered this year, from babies through to adults, across five aquatic venues in Tauranga and the Western Bay.

Read all our stories at bayvenues.co.nz



FINANCIAL STATEMENTS 2025-2026

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES for the Year Ended 30 June 2026

	Note	Actual 2026 (\$000's)	Budget 2026 (\$000's)	Actual 2025 (\$000's)
Revenue				
User Revenue		22,592	22,516	22,252
Other Revenue		1,336	414	629
Other Grants		826	-	107
TCC Operational Grant		7,666	7,355	7,602
TCC Debt Servicing Grant		929	929	1,098
TCC Renewal Funding		7,160	7,667	13,798
Rehabilitation Expense Funding		309	-	693
Total Operational Revenue	2	40,818	38,881	46,179
Expenditure				
Employee Expense	3	19,341	18,112	17,922
Administrative Expense	7	1,977	1,792	1,681
Consulting & Governance Expenses	4	879	757	1,286
Operating Expenses (incl. COGS)	5	8,866	8,339	8,306
Repairs & Maintenance Expense		1,182	978	991
Rehabilitation Expense		309	-	693
Profit/Loss on Disposal	13	3,147	-	2,664
Finance Costs		956	1,145	999
Depreciation and Amortisation Expense	6	9,839	10,180	9,345
Total Operating Expenditure		46,496	41,303	43,887
Surplus/(Deficit) Before Tax		(5,678)	(2,422)	2,292
Income Tax (Expense)/Benefit	8	1,889	-	(1,043)
Surplus/(Deficit) After Tax		(3,789)	(2,422)	1,249
Impairment on Revalued Property, Plant & Equipment	13	(754)	-	-
Tax on Revaluation		583	-	-
		(172)	-	-
Total Comprehensive Income		(3,961)	(2,422)	1,249

Summary of significant accounting policies and the accompanying notes form part of these financial statements.



FINANCIAL STATEMENTS 2025-2026

STATEMENT OF CHANGES IN EQUITY for the Year ended 30 June 2026

	Note	Actual 2026 (\$000's)	Budget 2026 (\$000's)	Actual 2025 (\$000's)
Share Capital				
Share Capital at beginning of the year		84,232	102,566	84,232
Loan Conversion		-	800	-
Share Capital at End of Year		84,232	103,366	84,232
Retained Earnings				
Retained Earnings at Beginning of the Year		(42,118)	(32,048)	(43,425)
Surplus/ (Deficit) for the Year		(3,789)	(2,423)	1,249
Transfer to Mercury Reserve	18	(149)	(200)	(140)
Transfer to University of Waikato Reserve		(97)	-	(59)
Disposal of Property, Plant & Equipment		653	-	257
Retained Earnings at End of the Year		(45,500)	(34,671)	(42,118)
Asset Revaluation Reserves				
Asset Revaluation Reserves at Beginning of the Year		56,584	56,840	56,841
Net Revaluation Gains/(Loss)	19	(825)	-	(257)
Asset Revaluation Reserves at End of the Year		55,759	56,840	56,584
Other Reserves				
Other Reserves at Beginning of the Year		330	331	131
Mercury Reserve	20	149	200	140
University of Waikato Reserve		97	-	59
Other Reserves at End of Year		577	531	330
Equity Contribution from Owners				
Loan Conversion at Beginning of the Year		18,097	-	-
Loan Conversion		-	-	15,000
New Capital Funding	21	1,558	-	3,097
Loan Conversion at End of the Year		19,656	-	18,097
EQUITY AT END OF THE YEAR		114,724	126,066	117,124

Summary of significant accounting policies and the accompanying notes form part of these financial statements.



FINANCIAL STATEMENTS 2025-2026

STATEMENT OF FINANCIAL POSITION as at 30 June 2026

	Note	Actual 2026 (\$000's)	Budget 2026 (\$000's)	Actual 2025 (\$000's)
ASSETS				
Current Assets				
Cash & Cash Equivalents	9	1,040	787	1,005
Inventories	10	399	475	427
Debtors & Other Receivables	11	2,867	1,231	4,605
Total Current Assets		4,306	2,493	6,037
Non-Current Assets				
Other Non-Current Assets		-	5,670	-
Intangible Assets	12	347	208	380
Property, Plant & Equipment	13	157,368	162,388	161,831
Total Non-Current Assets		157,715	168,266	162,211
Total Assets		162,021	170,759	168,248
LIABILITIES				
Current Liabilities				
Employee Entitlements	14	2,464	1,373	2,285
Creditors & Other Payables	15	3,039	828	5,447
Borrowings - UoW Adams Centre Loan	16	1,000	1,000	1,000
Total Current Liabilities		6,503	3,201	8,732
Non-Current Liabilities				
Borrowings - Tauranga City Council	16	20,885	20,153	20,011
Deferred Tax	8	19,910	21,339	22,381
Total non-current liabilities		40,795	41,492	42,392
Total liabilities		47,298	44,693	51,124
Net Assets		114,724	126,066	117,124
EQUITY				
Share Capital	17	84,232	103,366	84,232
Retained Earnings	18	(45,500)	(34,671)	(42,119)
Other Reserves	20	577	531	330
Loan Conversion	21	19,656	-	18,097
Revaluation Reserves	19	55,759	56,840	56,584
Total Equity		114,724	126,066	117,124

Summary of significant accounting policies and the accompanying notes form part of these financial statements.

Simon Clarke – Director

September 30 2026

Date

Wayne Beilby – Director

September 30 2026

Date



FINANCIAL STATEMENTS 2025-2026

STATEMENT OF CASHFLOWS for the Year ended 30 June 2026

	Note	Actual 2026 (\$000's)	Budget 2026 (\$000's)	Actual 2025 (\$000's)
Cash Flows from Operating Activities				
Cash Received from Customers		25,893	22,516	20,697
Grants Received		16,582	15,951	22,499
Dividend received		-	6	-
Cash Received from Other Sources		85	408	168
Goods & Services Tax (net)		397	-	(454)
Resident Withholding Tax		24	-	(34)
Payments to Employees		(19,162)	(18,112)	(17,831)
Payments to Suppliers		(16,014)	(11,867)	(11,133)
Interest Paid		(956)	(1,145)	(999)
Net Cash Flow from Operating Activities	23	6,849	7,757	12,913
Cash flows from investing activities				
Proceeds from Sale of Property, Plant and Equipment		63	-	63
Purchase of Property, Plant & Equipment		(9,310)	(8,942)	(17,038)
Transfer to Depreciation Investment		-	(40)	-
Net Cash Flow from Investing Activities		(9,246)	(8,982)	(16,975)
Cash Flows from Financing Activities				
Proceeds from Borrowings		5,433	1,187	5,042
Repayment of TCC borrowings		(3,000)	-	(1,500)
Net Cash Flow From Financing Activities	23	2,433	1,187	3,542
Net Increase / Decrease in Cash Held		36	(38)	(520)
Cash & Cash Equivalents at Beginning of Year		1,005	826	1,526
Cash, Cash Equivalents, and Bank Overdrafts at the End of the Year	9	1,041	788	1,006

Summary of significant accounting policies and the accompanying notes form part of these financial statements.



STATEMENT OF ACCOUNTING POLICIES AND NOTES

for the Year Ended 30 June 2026

1.1 ENTITY STATEMENT

Bay Venues Limited is a Council Controlled Organisation (CCO) as defined in Section 6 of the Local Government Act 2002. The company is wholly owned by Tauranga City Council. The company is registered under the Companies Act 1993 and is a reporting entity for the purposes of the Financial Reporting Act 1993.

The primary objective of Bay Venues Limited is to provide goods and services for the community or social benefit, rather than making a financial return. Accordingly, Bay Venues Limited, as part of the Tauranga City Council group, has designated itself as a Public Benefit Entity (PBE) for financial reporting purposes.

The financial statements of Bay Venues Limited are for the year ended 30 June 2026. The financial statements were authorised for issue by Bay Venues Limited Directors on 30th September 2026.

1.2 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.

The financial statements of Bay Venues Limited have been prepared in accordance with the requirements of the Companies Act 1993, the Financial Reporting Act 1993 and the Local Government Act 2002, which includes the requirements to comply with New Zealand generally accepted accounting practice (GAAP).

These financial statements and service performance information have been prepared in accordance with Tier 1 Public Benefit Entity (PBE) accounting standards. These financial statements comply with PBE standards.

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

Measurement Base

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

Functional and Presentation Currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$ 000). The functional currency of Bay Venues Limited is New Zealand dollars.

Standards, Amendments, and Interpretations Issued that are Not Yet Effective

Standards, amendments, and interpretation issued that are not yet effective will have a minimal impact on the entity.

1.3 REVENUE RECOGNITION

Revenue is recognised at fair value of the consideration received or receivable.

Sale of Goods

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

User Fees & Charges

User fees and charges are recognised on the basis of actual services provided. Any fees and charges received in advance are recognised as unearned income.

Grant Income

Grant income is recognised upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.

Revenue is classified as exchange and non-exchange.

Subsidised income received is recognised as non-exchange revenue.

1.4 BORROWING COSTS

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

1.5 INCOME TAXATION

Income tax expense includes components relating to current tax and deferred tax, and is calculated using tax rates and tax laws that have been enacted or substantively enacted at balance date.

Current tax is the income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years.

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 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 affects neither accounting profit nor taxable profit.

Current and deferred tax is recognised against the profit or loss for the period, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.



STATEMENT OF ACCOUNTING POLICIES AND NOTES

for the Year Ended 30 June 2026

1.6 LEASES

(i) Operating Lease

An operating lease is a lease that does not transfer substantially all the risks and benefits of ownership of the leased item to the lessee.

Lease payments under an operating lease are recognised as expenses in the surplus or deficit on a straight line basis over the lease term.

1.7 CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash on hand, deposits held on call with banks and other short-term highly liquid investments with original maturities of three months or less.

1.8 DEBTORS AND OTHER RECEIVABLES

Debtors and other receivables are included at their net realisable value after deduction of a provision for doubtful debts.

1.9 IMPAIRMENT OF FINANCIAL ASSETS

Financial assets are assessed for objective evidence of impairment at each balance date. Impairment losses are recognised in the surplus or deficit.

Receivables

Impairment is established when there is objective evidence that Bay Venues Limited will not be able to collect amounts due according to the original terms of the debt. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy and default on the payments are considered indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectable, it is written off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (that is not past due). Impairment in term deposits is recognised directly against the instrument's carrying value.

1.10 INVENTORIES

Inventories (such as spare parts and other items) held for distribution or consumption in the provision of services that are not supplied on a commercial basis is measured at cost, adjusted when applicable, for any loss of service potential. The loss of service potential of inventory held for distribution is determined on the basis of obsolescence. Where inventories are acquired at no cost or for nominal

consideration, the cost is the current replacement cost at the date of acquisition.

Inventory held for use in the production of goods and services on a commercial basis is valued at the lower of cost and net realisable value. The cost of purchased inventory is determined using the first in first out (FIFO) method.

Inventories held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at cost adjusted for any loss of service potential.

The amount of any write-down for the loss of service potential or from cost to net realisable value is recognised in the surplus or deficit in the period of the write-down.

1.11 PROPERTY, PLANT AND EQUIPMENT

Property, plant, and equipment consists of land, buildings & improvements, plant & equipment, and motor vehicles.

Property, plant, and equipment is shown at cost or valuation, less accumulated depreciation and impairment losses.

Revaluation

Land, buildings and plant are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three years. All other asset classes are carried at depreciated historical cost. Revaluations of property, plant, and equipment are accounted for on a class of asset basis.

The net revaluation results are credited or debited to other comprehensive income 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 income 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.

The most recent valuations were performed by Quotable Value on Buildings & Land and by Forbes Valuation on Property, Plant & Equipment, with the valuations being effective as at 30 June 2024.

Additions

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 Bay Venues Limited and the cost of the item can be measured reliably.



STATEMENT OF ACCOUNTING POLICIES AND NOTES

for the Year Ended 30 June 2026

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

In most instances, an item of property, plant, and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition.

Work in progress is recognised at cost less impairment and is not depreciated.

The costs of day-to-day servicing of property, plant and equipment are recognised in surplus or deficit as they are incurred.

Disposals

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposal are included in the surplus or deficit. When revalued assets are sold, the amounts included in the asset revaluation reserves in respect of those assets are transferred to retained earnings.

Depreciation

All assets are depreciated over their expected useful lives. Depreciation is provided on a straight line (SL) basis on all plant, property and equipment other than land, at rates calculated to allocate the asset cost less estimated residual value over the estimated useful life. When assets are revalued, depreciation rates are overridden by the new annual depreciation rates to accurately reflect the useful life of the asset.

Class of Asset Depreciated	Estimated Useful Life (Years)	Depreciation Method
Operational Assets		
Buildings & Improvements	1-100	SL
Plant & Equipment	1-100	SL
Computer Equipment	3-10	SL
Office Furniture & Equipment	1-20	SL
Motor Vehicles	4.5-10	SL

1.12 INTANGIBLE ASSETS

Software Acquisition and Development

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software are recognised as an expense when incurred. Staff training costs are recognised as an expense when incurred.

Intellectual Property Development

Class of Intangible Asset	Estimated Useful Life	Amortisation Rates
Acquired Computer Software	3-10 years	10% - 33.3%

1.13 IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the carrying amount of property, plant and equipment exceeds its recoverable amount. Any impairment loss is recognised immediately in surplus or deficit unless the asset is revalued, in which case any impairment loss is treated as a revaluation decrease. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

Assets are considered cash generating if their primary objective is to provide a commercial return. The value in use for cash generating assets is the present value of expected future cash flows. For non cash generating assets, value in use is determined using an approach based on a depreciated replacement cost.

Following the January 2026 landslide event that impacted the Mount Hot Pools facility, management assessed affected assets for impairment. Assets assessed as destroyed were written off, while damaged assets were impaired to reflect the estimated reduction in service potential at balance date. The assessment incorporated engineering advice, site inspections and management judgement regarding the extent of damage and expected future service potential. These estimates will be reviewed as further information becomes available.

1.14 CREDITORS AND OTHER PAYABLES

Creditors and other payables are recognised at fair value and subsequently measured at amortised cost.

1.15 BORROWINGS

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest rate method.

Borrowings are classified as current liabilities unless Bay Venues Limited has an unconditional right to defer settlement of the liability for at least 12 months after balance date, or if the borrowings are expected to be settled within 12 months of balance date.



STATEMENT OF ACCOUNTING POLICIES AND NOTES

for the Year Ended 30 June 2026

1.16 EMPLOYEE ENTITLEMENTS

Short-term Employee Entitlements

Salaries, wages and annual leave, that are due to be settled within 12 months after the end of the period in which the employee renders the related service, are measured at nominal values based on accrued entitlements at current rates of pay.

Long-Term Employee Entitlements

Employee entitlements are those entitlements that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave and retirement gratuities. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlement information; and
- the present value of the estimated future cash flows.

Superannuation Schemes

Obligations for contributions to KiwiSaver are accounted for as defined contribution superannuation schemes and are recognised as an expense in the surplus or deficit when incurred.

Annual leave and long service leave, expected to be settled within 12 months or balance date, are classified as a current liability. All other employee entitlements are classified as a non-current liability.

1.17 PROVISIONS

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

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation. Provisions are not recognised for future operating losses.

1.18 EQUITY

Capital Management

Bay Venues Limited capital is its equity, which comprises accumulated comprehensive revenue and expenses and all equity reserves. Equity is represented by net assets.

Bay Venues Limited is a Council Controlled Organisation as defined by the Local Government Act 2002 which includes restrictions on how it operates and defines reporting and accountability processes. Tauranga City Council has a general security agreement over all Bay Venues Limited assets which restricts the ability to dispose of certain property and to enter into new borrowing arrangements.

Bay Venues Limited manages its revenues, expenses, assets, liabilities and general financial dealings prudently and in a manner that promotes the current and future interest of the community. Bay Venues Limited's equity is largely managed as a by-product of managing revenues, expenses, assets, liabilities and general financial dealings.

The objective of managing Bay Venues Limited's equity is to ensure that it effectively and efficiently achieves the goals and objectives for which it has been established, while remaining a going concern.

There have been no changes in relation to Capital Management during the current financial period.

Accounting Policy

Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components.

- Share Capital - (Note 17)
- Retained Earnings - (Note 18)
- Property, Plant and Equipment Revaluation Reserve - (Note 19)
- Other reserves - (Note 20)
- Equity Contribution from Owners - (Note 21)

Property Revaluation Reserves

This reserve relates to the revaluation of property, plant, and equipment to fair value.

The revaluation reserve will be realised when the assets within the class of property, plant and equipment to which the surplus relates to, are retired or disposed of.



STATEMENT OF ACCOUNTING POLICIES AND NOTES

for the Year Ended 30 June 2026

Other Reserves

This reserve relates to the Mercury naming rights & University of Waikato naming rights reserve.

Loan Conversion

This reserve relates to loan conversions including an annual loan conversion for funded capital.

1.19 GOODS & SERVICES TAX

All items in the financial statements are exclusive of goods and services tax (GST) with the exception of receivables and payables, which are stated with GST included. When GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

Commitments and contingencies are disclosed exclusive of GST.

The net amount of GST recoverable from, or payable to the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

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

1.20 BUDGET FIGURES

The budget figures are those adopted by Bay Venues Limited and approved by Tauranga City Council in its 2025/26 Statement of Intent. The budget figures have been prepared in accordance with NZ GAAP and are consistent with the accounting policies adopted by Bay Venues Limited for the preparation of the financial statements.

1.21 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING ESTIMATES

In preparing these financial statements, Bay Venues Limited 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 or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below:

Note 13 - Property Plant and Equipment

Note 27 - Financial Instruments

1.22 EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

Note 26 provides explanations of major variances against budget.



STATEMENT OF ACCOUNTING POLICIES AND NOTES

for the Year Ended 30 June 2026

NOTE 2: REVENUE FROM EXCHANGE AND NON-EXCHANGE TRANSACTIONS

	2026 Actual (\$000's)	Actual 2025 (\$000's)
Non-Exchange		
TCC Operational Grant	7,666	7,602
TCC Debt Servicing Grant	929	1,098
Other Grants*	826	107
TCC Renewal Funding	7,160	13,798
Aquatics**	4,070	5,097
Indoor Facilities*	2,402	2,303
Memberships	302	269
Rehabilitation Expense Funding	309	693
COVID-19 Leave Subsidy	-	-
Total non-exchange	23,664	30,967
Exchange		
Memberships	2,678	2,613
Events and Catering	10,489	9,632
Other Revenue	2,112	1,347
Learn to Swim	1,874	1,619
Total Exchange	17,153	15,211
Total Exchange and Non-Exchange	40,817	46,178

*Schools in Pools funding has been moved from Non Exchange Indoor Facilities to Other Grants in 2026 and 2025 for comparatives.

**Reduction in Aquatics revenue from prior year due to temporary closure of Mount Hot Pools in January 2026.

NOTE 3: EMPLOYEE EXPENSES

	2026 Actual (\$000's)	2025 Actual (\$000's)
Salaries & Wages	18,539	17,231
Defined Contribution Plan Employer Contributions (Kiwisaver)	376	329
Other Personnel Expense	426	362
Total Employee Expenses	19,341	17,922

NOTE 4: CONSULTING & GOVERNANCE EXPENSES

	2026 Actual (\$000's)	2025 Actual (\$000's)
Fees incurred for services provided by Audit New Zealand		
Audit of the Financial Report*	185	156
Total fees incurred for services provided by Audit New Zealand	185	156
Consulting**	395	826
Director Fees	251	254
TCC Shared Services	22	24
Tax Advisory	26	26
Total Consulting & Governance Expenses	879	1,286

*Total audit fees incurred for services provided by Audit New Zealand in FY26 were for the annual financial report audit. Includes \$15k of additional audit fees from FY24 and FY25.

**Broadly, consultancy expenses in FY26 comprised legal, asset management, health and safety and general consultancy fees. Prior year included SaaS implementation costs of \$320k.



STATEMENT OF ACCOUNTING POLICIES AND NOTES

for the Year Ended 30 June 2026

NOTE 5: OPERATING EXPENSES

	2026 Actual (\$000's)	2025 Actual (\$000's)
Cost of Goods Sold	2,671	2,561
Electricity	1,512	1,379
Insurance	647	774
Other*	3,621	3,214
Events Expenses	11	-
Marketing	404	378
Total Operating Expenses	8,866	8,306

*Other Operating Expenditure includes such items as: (i) Cleaning (ii) Rates (iii) Recoverable Expenses

NOTE 6: DEPRECIATION & AMORTISATION EXPENSE

	2026 Actual (\$000's)	2025 Actual (\$000's)
Buildings & Improvements	4,638	4,926
Intangibles	86	36
Office Furniture & Equipment	1,425	1,394
Plant & Equipment	3,585	2,875
Motor Vehicles	105	114
Total Depreciation and Amortisation	9,839	9,345

NOTE 7: ADMINISTRATIVE EXPENSES

	2026 Actual (\$000's)	2025 Actual (\$000's)
Operating Lease Costs	69	84
Other Administrative Expenses*	1,909	1,596
Total Administrative Expenses	1,977	1,681

*Current year includes SaaS implementation costs of \$310k, prior year were included in consulting and governance expenses.



STATEMENT OF ACCOUNTING POLICIES AND NOTES

for the Year Ended 30 June 2026

NOTE 8: INCOME TAX EXPENSE / (BENEFIT)

	2026 Actual (\$000's)	2025 Actual (\$000's)
(A) Operational Surplus /(Deficit) before Taxation	(5,678)	2,292
Prima Facie Taxation at 28% (2025: 28%)	(1,590)	642
Non-Deductible Expenditure	2,730	2,755
Non Taxable Income	(2,730)	(2,755)
Deferred Tax Adjustment	-	401
Change in Expected Manner of Recovery	(299)	
Tax Expense / (Benefit)	(1,889)	1,043
Components of Tax Expense		
Current Taxation	-	-
Deferred Taxation Expense/(Benefit)	(1,889)	1,043

(B) Deferred Tax Asset /(Liability)

	Property, Plant & Equipment (\$000's)	Employee Entitlements (\$000's)	Other Provisions (\$000's)	Tax Losses (\$000's)	Total (\$000's)
Entity					
Balance at 30 June 2024	(37,287)	456	17	15,476	(21,339)
Charged to Surplus or Deficit	(1,334)	7	9	275	(1,043)
Balance at 30 June 2025	(38,621)	463	26	15,751	(22,381)
Charged to Surplus or Deficit	1,362	10	2	515	1,889
Charged to Other Comprehensive Revenue and Expense	583	-	-	-	583
Balance at 30 June 2026	(36,677)	473	28	16,265	(19,910)

NOTE 9: CASH & CASH EQUIVALENTS

	2026 Actual (\$000's)	2025 Actual (\$000's)
Cash at Bank	1,030	993
Cash in Hand	10	12
Total Cash & Cash Equivalents	1,040	1,005

The carrying value of cash at bank or till floats approximates their fair value. There is no restriction on their use.

NOTE 10: INVENTORIES

	2026 Actual (\$000's)	2025 Actual (\$000's)
Held for Commercial Inventories		
Merchandise at Cost	243	210
Food & Beverages	156	217
Total Inventory	399	427

There is no write down of inventory during the year. No inventory is pledged as security for liabilities (2025 \$nil).



STATEMENT OF ACCOUNTING POLICIES AND NOTES

for the Year Ended 30 June 2026

NOTE 11: DEBTORS AND OTHER RECEIVABLES

	2026 Actual (\$000's)	2025 Actual (\$000's)
Trade Debtors*	715	1,653
Accruals	1,654	2,237
Provision for Doubtful Receivables	(58)	(54)
GST Receivable	-	385
RWT Receivable	-	33
Prepayments	553	353
Total Debtors & Other Receivables	2,864	4,607
Receivables from Non Exchange Transactions	2,276	3,082
Receivables from Exchange Transactions	588	1,525
Total Debtors & Other Receivables	2,864	4,607

*Prior year includes TCC renewal funding washup and Ministry of Education receivables.

	2026 Gross (\$000's)	Impairment (\$000's)	2026 Net (\$000's)	2025 Gross (\$000's)	Impairment (\$000's)	2025 Net (\$000's)
Trade & Related Parties Debtors						
Not past due	420	-	420	1,298	-	1,298
Aged Receivables: 31-60 days	145	-	145	75	(4)	71
Aged Receivables: 61-90 days	17	(5)	13	161	-	161
Aged Receivables: Greater than 90 days	133	(54)	79	117	(50)	67
Total	715	(58)	657	1,651	(54)	1,597

FAIR VALUE

Debtors and Other receivables are non interest bearing and receipt is normally 30 day term. Therefore, the carrying amount of debtors and other receivables approximates to their fair value. .

IMPAIRMENT

An impairment of \$58,330 was provided for doubtful debt at 30 June 2026. (2025: \$54,364)

No debtor is pledged as security for liabilities (2025: \$nil).

EXPECTED CREDIT LOSS (ECL) ALLOWANCE

Bay Venues Limited consider a financial asset to be in default when the financial asset is more than 90 days past due. Bay Venues Limited may determine a default occurs prior to this if internal or external information indicates the entity is unlikely to pay its credit obligations in full.

OTHER FINANCIAL ASSETS

ECL measured for other financial assets are trivial. They are low risk and Bay Venues Limited has not identified any indications that credit risk associated with those instruments has significantly increased since initial recognition.

RECEIVABLES

ECL for other receivables is based on the payment profile of revenue on credit over the prior two years the measurement date and the corresponding historical credit losses experienced for that period. This historical loss rates are adjusted for current and forward-looking macroeconomic factors that might affect the expected recoverability of receivables. Given the short period of credit risk exposure, the effects of macroeconomic factors are not considered significant. There have been no changes in the estimation techniques or significant assumptions in measuring the loss allowance.



STATEMENT OF ACCOUNTING POLICIES AND NOTES

for the Year Ended 30 June 2026

NOTE 12: INTANGIBLE ASSETS

	Computer Software (\$000's)	Total (\$000's)
As at 30 June 2026		
Opening Book Value	380	380
Additions	175	175
Disposals	(204)	(204)
Amortisation	(86)	(86)
Amortisation Write Back on Disposal	204	204
Work in Progress	(121)	(121)
Closing Book Value 2026	347	348
As at 30 June 2026		
Cost	1,807	1,807
Accumulated Amortisation and Impairment	(1,460)	(1,460)
Closing Book Value 2026	347	347
As at 30 June 2025		
Opening Book Value	208	208
Additions	126	126
Disposals	(3)	(3)
Amortisation	(36)	(36)
Work in Progress	82	82
Closing Book Value 2025	377	377
As at 30 June 2025		
Cost	1,957	1,957
Accumulated Amortisation	(1,577)	(1,577)
Closing Book Value 2025	380	380
	2026 Actual (\$000's)	2025 Actual (\$000's)
Intangible Work in Progress		
Opening Work in Progress	121	39
Movement	(121)	82
Closing Work in Progress	-	121

There are no restrictions over the title of intangible assets. No intangible assets are pledged as security for liabilities.



STATEMENT OF ACCOUNTING POLICIES AND NOTES

for the Year Ended 30 June 2026

NOTE 13: PROPERTY PLANT AND EQUIPMENT

Bay Venues Limited As at 30 June 2026	2025 Cost / Valuation (\$000's)	2025 Accum Depn (\$000's)	Opening Book Value (\$000's)	2026 Asset Additions (\$000's)	2026 Asset Disposals (\$000's)	Current Depn (\$000's)	Disposal Depn Write Back (\$000's)	Impairment 2026 (\$000's)	Cost Reval (\$000's)	2026 Accum Depn (\$000's)	2026 Closing Book value (\$000's)
At Cost & Valuation											
Land	2,400	-	2,400	-	-	-	-	-	2,400	-	2,400
Buildings & Improvements	129,345	(4,926)	124,419	3,496	(1,649)	(4,638)	426	(754)	130,437	(9,138)	121,299
Plant & Equipment	22,944	(2,875)	20,069	8,859	(2,202)	(3,585)	401	-	29,599	(6,059)	23,541
Office Furniture & Equipment	12,436	(6,012)	6,424	1,424	(815)	(1,425)	637	-	13,044	(6,800)	6,244
Motor Vehicles	1,467	(615)	852	7	(22)	(105)	17	-	1,452	(703)	749
Subtotal	168,592	(14,427)	154,164	13,786	(4,689)	(9,753)	1,480	(754)	176,933	(22,700)	154,233
Work in Progress	7,668	-	7,668	9,256	(13,786)	-	-	-	3,138	-	3,138
Total	176,260	(14,427)	161,832	23,042	(18,475)	(9,753)	1,480	(754)	180,071	(22,700)	157,371
Work in Progress : additional work is shown within the New Assets column and any capitalised assets are shown in Assets Disposed column.											
Bay Venues Limited As at 30 June 2025	2024 Cost / Valuation (\$000's)	2024 Accum Depn (\$000's)	Opening Book Value (\$000's)	2025 Asset Additions (\$000's)	2025 Asset Disposals (\$000's)	Current Depn (\$000's)	Disposal Depn Write Back (\$000's)	Impairment 2025 (\$000's)	Cost Reval (\$000's)	2025 Accum Depn (\$000's)	2025 Closing Book Value (\$000's)
At Cost & Valuation											
Land	2,400	-	2,400	-	-	-	-	-	2,400	-	2,400
Buildings & Improvement	126,050	-	126,050	5,762	(2,467)	(4,926)	-	-	129,345	(4,926)	124,419
Plant & Equipment	19,730	-	19,730	3,495	(282)	(2,875)	-	-	22,944	(2,875)	20,069
Office Furniture & Equipment	9,129	(4,618)	4,511	3,321	(15)	(1,394)	-	-	12,436	(6,012)	6,424
Motor Vehicles	1,110	(500)	610	383	(26)	(114)	-	-	1,467	(615)	852
Sub Total	158,419	(5,118)	153,301	12,962	(2,789)	(9,309)	-	-	168,592	(14,427)	154,164
Work in Progress	3,737	-	3,737	16,893	(12,962)	-	-	-	7,668	-	7,668
Total	162,156	(5,118)	157,038	29,855	(15,751)	(9,309)	-	-	176,260	(14,427)	161,832



STATEMENT OF ACCOUNTING POLICIES AND NOTES

for the Year Ended 30 June 2026

VALUATION

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Land & Buildings

Land is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values

Adjustments have been made where there is a designation against the land or the use of the land is restricted because of reserve or endowment status, the valuation approach reflects the restriction in use.

These adjustments are intended to reflect the negative effect on the value of the land where an owner is unable to use the land more intensively. Specialised buildings are valued at fair value using Optimised Depreciated Replacement Cost (ODRC) because no reliable market data is available for such buildings.

- Optimised Depreciated Replacement Cost is determined using a number of significant assumptions. Significant assumptions include:
- The replacement costs of the specific assets are adjusted where appropriate for optimisation due to over-design or surplus capacity. There have been no optimisation adjustments for the most recent valuations.
- The replacement cost is derived from recent construction contracts of similar assets and Property Institute of New Zealand cost information.
- The remaining useful life of assets is estimated after considering factors such as the condition of the asset, future maintenance and replacement plans, and experience with similar buildings.
- Straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

Non specialised buildings (for example, residential buildings) are valued at fair value using market based evidence. Market rents and capitalisation rates were applied to reflect market value.

The building valuation was performed by a registered independent valuer, Ashley Pont of the firm Quotable Value Limited, and the valuation is effective 30 June 2024.

Restrictions

Bay Venues Limited does not own any of the land that Building and Improvements are located on, except for a house at Miro Street. All land is owned by Tauranga City Council, with some of this land being reserve land. As such there are restrictions on both use and disposal of these Buildings and Improvements.

There is no restriction on the other classes of asset in the account and no amount of any property, plant and equipment was pledged as security for liabilities.

Plant

The approach utilised is a "fair" or "equitable" value which is reflected as market value for the existing use. Market value being defined as the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arms length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Generally values have been calculated utilising either a comparable sales approach or on a depreciated replacement cost basis, whichever was more appropriate. Depreciated replacement cost is defined as the gross current replacement cost reduced by factors providing for age, physical depreciation and technical and functional obsolescence taking into account the assets total estimated useful life and anticipated residual value.

The age of each asset has been established utilising:

- Data provided;
- Research;
- On-site assessment;
- Assessment based on the assets being combined with other fixtures.

The most recent plant valuation was undertaken by a registered independent valuer, Ewan Forbes of the firm Forbes Valuation, on behalf of Quotable Value Limited, and the valuation is effective 30 June 2024.

WORK IN PROGRESS

The total amount of property, plant, and equipment in the course of construction is \$3,138,470 (2025 \$7,788,922)



STATEMENT OF ACCOUNTING POLICIES AND NOTES

for the Year Ended 30 June 2026

DISPOSAL OF ASSETS

The loss on disposal primarily reflects the partial disposal of building assets arising from facility upgrade projects, the decommissioning of Memorial Pool, and assets written off following the January 2026 Mount Hot Pools landslide event.

NOTE 14: EMPLOYEE ENTITLEMENT LIABILITIES

	Actual 2026 (\$000's)	Actual 2025 (\$000's)
Accrued Pay	581	449
Annual Leave*	1,691	1,654
ACC Employer Contribution	43	39
Payroll Taxes	149	143
Total Employee Entitlements	2,464	2,285

*Annual Leave includes estimate of \$607k for Holiday Act Remediation (2025: \$630k).

NOTE 15: CREDITORS AND OTHER PAYABLES

	Actual 2026 (\$000's)	Actual 2025 (\$000's)
Income in Advance	902	682
Trade & Other Payables	918	2,006
Accrued Expenditure	1,179	2,732
Deposits & Bonds	38	27
GST payable	2	-
Total Creditors & Other Payables	3,039	5,447
Payables from Non Exchange Transactions	666	440
Payables from Exchange Transactions	2,373	5,007
Total Creditors & Other Payables	3,039	5,447

Accounting Policy

Short-term creditors and other payable are measured at the amount payable.

Trade and other payables are non-interest bearing and are normally settled on 30 day terms, therefore the carrying value of trade and other payables approximates their value.

There is a liability calculated by ASB Bank for our Credit Card Clearing account of \$23,684 (2025 : \$16,073)



STATEMENT OF ACCOUNTING POLICIES AND NOTES

for the Year Ended 30 June 2026

NOTE 16: BORROWINGS

	Actual 2026 (\$000's)	Actual 2025 (\$000's)
Current Borrowings		
Adams Centre for High Performance	1,000	1,000
Total Current Portion	1,000	1,000
Non-current Borrowings		
Loan from Tauranga City Council	20,885	20,011
Total Non-Current Portion	20,885	20,011

SECURITY

Tauranga City Council loan is unsecured.

Council has agreed to guarantee the University of Waikato Adams Centre for high performance loan on the terms contained in the agreement.

FINANCE COSTS

Tauranga City Council charge interest at 4.75%. (2025 : 5.25%)

University of Waikato charge interest to the value of 55% of the total rental fee for the High Performance Centre.

NOTE 17: SHARE CAPITAL

Fully Paid Ordinary Shares

	Actual 2026 (\$000's)	Actual 2025 (\$000's)
Balance at Beginning of Financial Year	84,232	84,232
Reclassification of Capital	-	-
Closing Balance of Ordinary Shares Issued	84,232	84,232

- Fully paid ordinary shares carry one vote per share and carry the right to dividends.
- No ready market for these shares so recognised at cost.
- Shares have no par value.
- Bay Venues Limited also holds \$18,000,000 uncalled shares of \$1 per share.
- 84,232,000 ordinary shares at \$1 per share are fully paid out and carry the right to dividends per share.

NOTE 18: RETAINED EARNINGS

	Actual 2026 (\$000's)	Actual 2025 (\$000's)
Accumulated Funds		
Balance at 1 July	(42,117)	(43,425)
Surplus/(Deficit) for the Year	(3,789)	1,249
Transfer to Mercury Reserve	(149)	(140)
Transfer to University of Waikato Reserve	(97)	(59)
Disposal of Property, Plant and Equipment	653	257
Balance 30 June 2026	(45,500)	(42,117)



STATEMENT OF ACCOUNTING POLICIES AND NOTES

for the Year Ended 30 June 2026

NOTE 19: REVALUATION RESERVE

	Actual 2026 (\$000's)	Actual 2025 (\$000's)
Balance at 1 July	56,584	56,841
Net Revaluation Gains	(825)	(257)
Balance at 30 June	55,759	56,584

NOTE 20: OTHER RESERVES

	Actual 2026 (\$000's)	Actual 2025 (\$000's)
Naming Rights	577	330
Total Reserves	577	330

The Naming Rights reflects the Mercury naming rights arrangement for Mercury Baypark and the University of Waikato naming rights arrangement at Haumaru.

NOTE 21: EQUITY CONTRIBUTION FROM OWNERS

	Actual 2026 (\$000's)	Actual 2025 (\$000's)
Balance at 1 July	18,097	-
Loan Conversion	-	15,000
New Capital Funding	1,558	3,097
Total	19,656	18,097

Loan conversion is the reduction of part of the loan from Tauranga City Council to Bay Venues Limited, converting the loan to equity. New Capital Funding is recognising Tauranga City Council's funding of 80% of the funded capital network via debt to equity conversion.

NOTE 22: CONTINGENCIES

Bay Venues Limited has no contingent liabilities at 30 June 2026 (2025: nil).

Bay Venues Limited has no contingent assets at 30 June 2026 (2025: nil).

Bay Venues Limited has no contingent rent recognised during the year. (2025: nil).

NOTE 23: RECONCILIATION OF NET SURPLUS / (DEFICIT) AFTER TAX TO NET CASHFLOW FROM OPERATING ACTIVITIES

	Actual 2026 (\$000's)	Actual 2025 (\$000's)
Net Surplus / (Deficit) from Statement of Comprehensive Income	(3,789)	1,249
Add/(Deduct) Non Cash Items		
Depreciation/Amortisation + Loss on Disposal	12,986	12,010
Add/(Deduct) Movements in Working Capital		
Movement in Trade and Other Receivables	1,324	(3,342)
Movement in Inventories	28	47
Movement in Employee Entitlements	179	90
Movement in Trade and Other Payables	(2,410)	2,303
Movement in GST Payable	397	(454)
Movement in Deferred Tax Relating to Operating Activities	(1,889)	1,043
Movement in RWT Payable	24	(34)
Net Cash Inflow/(Outflow) from Operating Activities	6,849	12,912



STATEMENT OF ACCOUNTING POLICIES AND NOTES

for the Year Ended 30 June 2026

NOTE 23: (A) RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below provides a reconciliation between the opening and closing balance of liabilities with cash flows that were, or future cash flows that will be, classified as a financing activity in the statement of cash flows.

	Loan from Tauranga City Council 2026 (\$000's)	Loan from Tauranga City Council 2025 (\$000's)
Balance as at 1 July 2025	20,010	34,565
Cash Inflows	5,433	5,042
Cash Outflows	(3,000)	(1,500)
Non-Cash Changes	(1,558)	(18,097)
Balance as at 30 June 2026	20,885	20,010

NOTE 24: CAPITAL COMMITMENTS AND OPERATING LEASES

Capital Commitments

Capital commitments represent capital expenditure contracted for at balance date but not yet incurred.

	Actual 2026 (\$000's)	Actual 2025 (\$000's)
Mother Grid Truss & Motors	-	240
Baypark Storage Shed Contract Variation	233	-
Total Capital Commitments	233	240

OPERATING LEASES AS LESSEE

The Company leases equipment in the normal course of its business for a range of terms from 1 – 60 months. The future aggregate minimum lease payments payable under non-cancellable operating leases are as follows:

	Actual 2026 (\$000's)	Actual 2025 (\$000's)
Not Later Than One Year	4	37
Later Than One Year and Not Later Than Five Years	17	-
Total Non-Cancellable Operating Leases	21	37

OPERATING LEASES AS LESSOR

The Company provides the lease of facilities in the normal course of its business. Signed lease agreements are in place for periods from 12 to 250 months.

	Actual 2026 (\$000's)	Actual 2025 (\$000's)
Not Later Than One Year	787	280
Later Than One Year and Not Later Than Five Years	1,445	743
Later Than Five Years	1,913	1,634
Total Non-Cancellable Operating Leases	4,145	2,656

No contingent rents have been recognised during the year (2025: nil).



STATEMENT OF ACCOUNTING POLICIES AND NOTES

for the Year Ended 30 June 2026

NOTE 25: 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 Company would have adopted in dealing with the party at arm's length in the same circumstances.

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

Key Management Personnel are considered related parties because they have the authority and responsibility for planning, directing and controlling the organisation. A summary of these costs are below.

	Actual 2026 (\$000's)	Actual 2025 (\$000's)
Transactions with Key Management Personnel		
Salaries & Other Short Term Employee Benefits	1,119	1,352
Directors Fees & Travel	254	254
Total Key Management Personnel Remuneration	1,373	1,606
Total Full-Time Equivalent Personnel	6	7

Key management personnel include the Board of Directors, Chief Executive, General Manager Finance & Commercial, General Manager Community Experience, General Manager Community Facilities and General Manager People & Engagement. Directors fees and travel excludes meeting costs such as catering. Due to the difficulty in determining the full-time equivalent for all Directors, the full-time equivalent is taken as one.

NOTE 26: EXPLANATIONS OF MAJOR VARIANCES AGAINST BUDGET

Statement of Comprehensive Revenue & Expense

- Other revenue was \$0.92m ahead of budget due to business interruption insurance received for Mount Hot Pools closure.
- Other grants were \$0.83m ahead of budget due to a new contract to operate two Western Bay Pools, which was unbudgeted.
- Employee expenditure was \$1.2m higher than budget due to additional staff required to run two Western Bay pools and a new café, neither of which were budgeted.

NOTE 27: FINANCIAL INSTRUMENTS

(A) FINANCIAL INSTRUMENT CATEGORIES

	Actual 2026 (\$000's)	Actual 2025 (\$000's)
FINANCIAL ASSETS		
Loans & Receivables		
Cash and Cash Equivalents	1,040	1,005
Debtors and Other Receivables	657	1,598
Total Financial Assets	1,697	2,603
FINANCIAL LIABILITIES		
Financial Liabilities at Amortised Cost		
Creditors and Other Payables	966	2,043
Borrowings - UoW Adams Centre Loan	1,000	1,000
Borrowings - TCC Loan	20,885	20,011
Total Financial Liabilities	22,851	23,054



STATEMENT OF ACCOUNTING POLICIES AND NOTES

for the Year Ended 30 June 2026

(B) FINANCIAL INSTRUMENT RISKS

Bay Venues Limited complies with Tauranga City Councils' policies to manage the risks associated with financial instruments. Bay Venues Limited is risk averse and seeks to minimise exposure from its financial instruments. Bay Venues Limited complies with Tauranga City Council's established Council approved Liability Management and Investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

(i) Market Risk

Fair Value Interest Rate Risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The main objective of interest rate risk management is to reduce uncertainty around net interest expense as interest rates change. All current borrowings are from Tauranga City Council. The interest rates are fixed by Tauranga City Council annually on 1 July each year therefore Bay Venues Limited is not subject to market interest rate fluctuations during the financial year.

Cash Flow Interest Rate Risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Bay Venues Limited only borrows, or invests, with Tauranga City Council and the interest rates on these borrowings are fixed by Tauranga City Council annually on 1 July each year therefore Bay Venues Limited is not subject to fluctuating market interest rates during the financial year.

Currency Risk

Currency risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in foreign exchange rates.

Bay Venues Limited purchases events from overseas event promoters, which require it to enter into transactions dominated in foreign currencies. As a result of these activities, exposure to currency risk arises.

It is Bay Venues Limited's policy to manage foreign currency risks arising from contractual commitments and liabilities that are above \$20,000 by entering into forward foreign exchange contracts to manage the foreign currency risk. This means that Bay Venues Limited is able to fix the New Zealand dollar amount payable for the delivery of these events.

Sensitivity Analysis

The table below illustrates the potential effect on the surplus or deficit and equity for reasonably possible market movements, with all other variables held constant based on Bay Venues Limited's financial instrument exposure at balance date.

	Interest Rate Risk	
	-50BPS Surplus/(Deficit) (\$000's)	+50BPS Surplus/(Deficit) (\$000's)
30 JUNE 2026		
Financial Liabilities		
Secured Loans	109	(109)
Total Sensitivity	109	(109)

	Interest Rate Risk	
	-100BPS Surplus/(Deficit) (\$000's)	+100BPS Surplus/(Deficit) (\$000's)
30 JUNE 2025		
Financial Liabilities		
Secured Loans	105	(105)
Total Sensitivity	105	(105)

Explanation of Interest Rate Risk Sensitivity

The interest rate risk sensitivity is based on a reasonably possible movement in interest rates, with all other variables held constant, measured as a basis points (bps) movement. For example, a decrease of 100 bps is equivalent to a decrease in market interest rates of 1.0%.



STATEMENT OF ACCOUNTING POLICIES AND NOTES

for the Year Ended 30 June 2026

The sensitivity for derivatives (interest rate swaps) has been calculated using a derivative valuation model based on a parallel shift in interest rates of 50bps/+50bps (2025: 50bps/+50bps).

(ii) CREDIT RISK

Credit risk is the risk that a third party will default on its obligations to Bay Venues Limited, causing the company to incur a loss. In the normal course of business, Bay Venues Limited incurs credit risk from accounts receivables only.

The carrying value of financial instruments in the Statement of Financial Position reflects their credit risk exposure. The exposures are net of any recognised provisions for losses on these financial instruments. No collateral is held.

Bay Venues Limited complies with Councils Treasury Policy which permits a minimum credit rating of A for registered banks and other organisations. On 30 June 2025 all financial instruments were held with the New Zealand registered trading banks which are rated AA-. There are no major concentrations of credit risk in relation to debtors and other receivables, as it has many credit customers.

Maximum Exposure to Credit Risk

Bay Venues Limited's maximum credit risk exposure for each class of financial instruments is as follows:

	30 June 2026 (\$000's)	30 June 2025 (\$000's)
Cash at Bank	1,040	1,005
Debtors & Other Receivables	657	1,598
Total Credit Risk	1,697	2,603

Credit Quality of Financial Assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates.

Counterparties with Credit Ratings	30 June 2026 (\$000's)	30 June 2025 (\$000's)
Cash at Bank		
AA-	1,040	1,005
Total Credit Risk	1,040	1,005

Bay Venues Limited has no significant concentrations of credit risk in relation to debtors and other receivables, as it has many credit customers.

(iii) LIQUIDITY RISK

Liquidity risk is the risk that Bay Venues Limited will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities, in Bay Venues Limited case, via funding through Tauranga City Council. Bay Venues Limited mostly manages liquidity risk by continuously monitoring forecast and actual cashflow requirements.



STATEMENT OF ACCOUNTING POLICIES AND NOTES

for the Year Ended 30 June 2026

Contractual Maturity Analysis

The table below analyses Bay Venues Limited's financial assets and liabilities into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

30 JUNE 2026	Less than 1 Year (\$000's)	Between 1 & 2 Years (\$000's)	Between 2 & 5 years (\$000's)	Over 5 Years (\$000's)	Total Contractual Cash Flows (\$000's)
Council 2026					
Financial Assets					
Cash and Cash Equivalents	1,040	-	-	-	1,040
Debtors and Other Receivables	657	-	-	-	657
Total Financial Assets	1,697	-	-	-	1,697
Financial Liabilities					
Borrowings - UoW Adams Centre Loan	1,000	-	-	-	1,000
Creditors and Other Payables	966	-	-	-	966
Borrowings - TCC Loan	-	-	-	20,885	20,885
Total Financial Liabilities	1,966	-	-	20,885	22,851

30 JUNE 2025	Less than 1 Years (\$000's)	Between 1 & 2 Years (\$000's)	Between 2 & 5 Years (\$000's)	Over 5 Years (\$000's)	Total Contractual Cash Flows (\$000's)
Financial assets					
Cash and Cash Equivalents	1,005	-	-	-	1,005
Debtors and Other Receivables	1,598	-	-	-	1,598
Total Financial Assets	2,603	-	-	-	2,603
Financial liabilities					
Borrowings - UoW Adams Centre Loan	1,000	-	-	-	1,000
Creditors And Other Payables	2,043	-	-	-	2,043
Borrowings - TCC Loan	-	-	-	20,011	20,011
Total Financial Liabilities	3,043	-	-	20,011	23,054

NOTE 28: EVENTS AFTER BALANCE DATE

The proposed sale of the Baypark Stadium North Stand to Speedway Racing Limited for nominal consideration of \$1, first disclosed as a subsequent event in the prior year, remains subject to the execution of formal agreements.

As at the date of signing these financial statements, the related agreements had not been executed and are expected to be signed during the 2027 financial year. Based on external accounting advice obtained, no sale, lease commencement, or lease receivable has been recognised at 30 June 2026 because the linked agreements remained unsigned. The accounting effects of the transaction will be recognised when the agreements become legally effective.

It should be noted that, while the formal sale and related lease agreements had not been executed as at 30 June 2026, the parties have, by mutual agreement, operated during the 2025/26 speedway season in accordance with certain proposed operating terms of the new stadium lease arrangement. This operational arrangement relates only to those specific aspects of the proposed transaction agreed between the parties and does not represent implementation of the sale and associated lease agreements as a whole. Other than the matter noted above, there were no material events after balance date requiring disclosure or adjustment to these financial statements.



STATUTORY DISCLOSURES

for the Year Ended 30 June 2026

STATUTORY DISCLOSURES

NATURE OF BUSINESS

There have been no changes to the nature of the business of the company.

EMPLOYEES REMUNERATION EXCEEDING \$100,000

	Actual Number of Employees	
	2026	2025
\$100,001 - \$110,000	8	4
\$110,001 - \$120,000	3	3
\$120,001 - \$130,000	3	1
\$130,001 - \$140,000	1	3
\$140,001 - \$150,000	3	2
\$150,001 - \$160,000	-	1
\$160,001 - \$170,000	3	1
\$170,001 - \$180,000	-	1
\$180,001 - \$190,000	1	-
\$190,001 - \$200,000	1	2
\$200,001 - \$210,000	2	1
\$210,001 - \$220,000	-	-
\$270,001 - \$280,000	-	1
\$300,001 - \$310,000	1	1
Total Employees	26	21

Remuneration includes paid and payable at 30 June 2026. This also includes employer Kiwisaver contributions.

CHIEF EXECUTIVE REMUNERATION

Total Remuneration Paid or Payable	2026	2025
\$300,001 - \$310,000	1	1

This is also reflected in the employees remuneration table above.



STATUTORY DISCLOSURES

for the Year Ended 30 June 2026

Directors during the year and directors fees paid and accrued were as follows:

Director	Appointed Date	Resigned Date	Director Fees 2026	Director Fees 2025
Nick Lowe	07/01/2017	30/06/25	-	35,000
Simon Clarke (Chair)	07/01/2021	N/A	70,000	70,000
Julie Hardaker (Deputy Chair)	07/01/2021	N/A	43,750	43,750
Adam Lynch	07/01/2021	30/06/25	-	35,000
Jeremy Curragh	07/01/2021	30/06/26	35,000	35,000
Wayne Beilby	25/07/22	N/A	35,000	35,000
Gareth Wallis	10/05/2021	30/06/26	-	-
Mary-Anne McLeod	01/07/2025	N/A	35,000	-
Clare Swallow	01/07/2025	N/A	35,000	-

Sam Hastings & Carey Manuel were Board Interns in 2026.

There were no Director Remuneration benefits paid in excess of \$100,000.

DONATIONS

There were no donations made by the company during the period.

INTEREST REGISTER

There have been no disclosures of self interest during the year.



INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF BAY VENUES LIMITED'S FINANCIAL STATEMENTS AND STATEMENT OF INTENT PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2026

The Auditor-General is the auditor of Bay Venues Limited (the company). The Auditor-General has appointed me, Anton Labuschagne, using the staff and resources of The Audit Office, to carry out the audit of the financial statements and the statement of intent performance on his behalf.

OPINION

We have audited:

- the financial statements of the Company that comprise the statement of financial position as at 30 June 2026, the statement of comprehensive revenue and expenses, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information on pages 8 to 31; and
- the statement of intent performance of the Company for the year ended 30 June 2026 on page 6.

In our opinion:

- the financial statements of the Company present fairly, in all material respects its financial position as at 30 June 2026 and its financial performance and cash flows for the year then ended, and comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.:
- the statement on intent performance of the Company accurately reports, in all material respects, the Company's actual performance compared against the performance targets and other measures adopted for the year ended 30 June 2026, and has been prepared, in all material respects, in accordance with section 68 of the Local Government Act 2002 (the Act).

BASIS FOR OUR OPINION

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the *Responsibilities of the auditor* section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS FOR THE FINANCIAL STATEMENTS AND THE STATEMENT OF INTENT PERFORMANCE

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

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

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

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



INDEPENDENT AUDITOR'S REPORT

RESPONSIBILITIES OF THE AUDITOR FOR THE AUDIT OF THE FINANCIAL STATEMENTS AND THE STATEMENT OF INTENT PERFORMANCE

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

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

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

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

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

- we identify and assess the risks of material misstatement of the financial statements and the statement of intent performance, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- we obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- we evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- we conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained,

whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the information we audited or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- we evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- we evaluate the overall presentation, structure and content of the statement of intent performance, including the disclosures, and assess whether the statement of intent performance achieves its statutory purpose of enabling the Company's readers to judge the actual performance of the Company against its objectives in its statement of intent.

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

Our responsibilities arise from the Public Audit Act 2001.

OTHER INFORMATION

The Board of Directors is responsible for the other information. The other information comprises all of the information included in the annual report other than the financial statements and the statement of intent performance, and our auditor's report thereon.

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

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



INDEPENDENT AUDITOR'S REPORT

INDEPENDENCE

We are independent of the Company in accordance with the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have no relationship with, or interests in, the Company.

Anton Labuschagne

The Audit Office

On behalf of the Auditor-General

Tauranga, New Zealand

30 September 2026



bayvenues.co.nz