

**Buller Recreation Limited  
Annual report  
for the year ended 30 June 2023**

# Contents

	Page
Directory	2
Directors' report	3
General manager's report	4
Auditor's report	5
Annual report	
Statement of comprehensive income	9
Statement of financial position	10
Statement of changes in equity	11
Statement of cash flows	12
Notes to the financial statements	
1 Statement of accounting policies	13
2 Summary of significant accounting policies	14
3 Critical accounting estimates and judgements	17
4 Statement of objectives and performance	18
5 Statutory information	20
6 Financial instruments	22
7 Revenue	23
8 Other operating expenses	23
9 Personnel costs	23
10 Income tax	24
11 Finance income - net	24
12 Cash and cash equivalents	24
13 Trade and other receivables	24
14 Inventories	25
15 Property, plant, and equipment	26
16 Trade and other payables	26
17 Employee entitlements	26
18 Deferred tax assets	27
19 Equity	27
20 Related party transactions	27
21 Contingencies	28
22 Commitments	28
23 Events occurring after the balance date	28

## **Directory**

<b>Principal business</b>	The operation and management of a sports and leisure facility
<b>Directors</b>	Steven William Grave (chairman) Gareth Richard Allen Robert Frederick Blake Burdekin Kieran Joseph Sweetman Vanessa Clare Van Uden
<b>Registered office</b>	80 Russell Street Westport, New Zealand
<b>Issued capital</b>	18,699,469 Ordinary shares
<b>Shareholders</b>	Buller Holdings Limited 18,699,469 Ordinary shares
<b>Auditor</b>	Ernst & Young (Christchurch), on behalf of the Auditor-General
<b>Solicitors</b>	Lane Neave 141 Cambridge Terrace, Christchurch
<b>Bankers</b>	Westpac and Bank of New Zealand
<b>Company number</b>	2265048

## **Directors' report**

In the opinion of the directors of Buller Recreation Limited, the financial statements, notes, and statement of service performance:

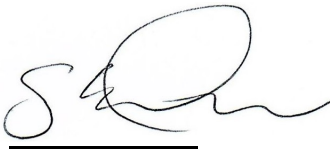
- comply with New Zealand generally accepted accounting practice and present fairly the financial position of the Company as at 30 June 2023 and the results of the operations and cash flows and service performance for the year ended on that date; and
- have been prepared using accounting policies appropriate to the Company circumstances, which have been consistently applied and supported by reasonable and prudent judgements and estimates, and that all applicable PBE accounting standards have been followed as appropriate for public benefit entities.

The directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Company and facilitate compliance of the financial statements with the Local Government Act 2002.

The directors consider that they have taken adequate steps to safeguard the assets of the Company, and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide a reasonable assurance as to the integrity and reliability of the financial statements.

The Board of Directors of Buller Recreation Limited authorised this annual report presented on pages 9 to 28 for issue on date shown below.

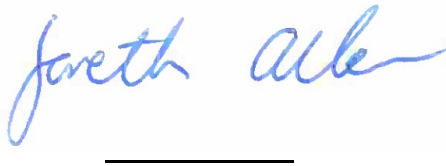
For and on behalf of the Board:



---

Director: Steve Grave

Date: 17th Oct 2023



---

Director: Gareth Allen

Date: 17th Oct 2023

## **General manager's report**

The 2023 financial year has produced excellent results for Buller Recreation Ltd (BRL). This is particularly pleasing as we continue to face significant inflationary pressures in the current economic climate. We are experiencing large hikes in insurance premiums and energy supply costs. We are also very aware of the financial pressures facing many households in the community, so we have been focused on keeping prices affordable so people can enjoy the facility.

Fitness member numbers have continued to grow. We have put more fitness classes on to cater for the growth. Yoga is particularly popular, with many classes held during the week. With the continued growth in members, we have been able to only marginally increase the fees for our members. The fee increase took place from 1st April 2023. We have kept our fees at the same level for over 65s. Multi membership fee income was the highest since the centre opened in 2009. It was also an increase of over 70% from four years ago.

The aquatic centre continues to deliver quality programmes educating young children in and around water. The staff take considerable satisfaction in seeing increased confidence in this area. It is very pleasing to receive excellent feedback from members of the public with regards to personalized swim lessons. Swimming lessons have been a particularly strong performer in a tough environment.

Weather events had less of an impact during the 2023 year compared to the previous financial year. We were closed for three days during August 2022 as the region was placed in a Red weather warning. Thankfully the weather forecast didn't occur as the district received minimal rain. There was no impact for BRL other than losing three days trading.

The major capital expenditure items for the year were new aquatic pumps required for the safety of pool users, and some new fitness equipment.

Staff are focused on improving the marketing distribution and ensuring better utilisation of social media to keep up to date with new technology. This will result in improved awareness of the Pulse Centre and the services that we deliver.

I would like to thank all staff for their hard work and dedication in providing a quality recreational service to the community.



---

Craig Scanlon

General Manager

Date: 17th Oct 2023



## INDEPENDENT AUDITOR'S REPORT

### TO THE READERS OF BULLER RECREATION LIMITED'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2023

The Auditor-General is the auditor of Buller Recreation Limited (the company). The Auditor-General has appointed me, Johnathan Hodge, using the staff and resources of Ernst & Young, to carry out the audit of the financial statements and performance information of the company on his behalf.

#### Opinion

We have audited:

- the financial statements of the company on pages 9 to 17 and 22 to 28, that comprise the statement of financial position as at 30 June 2023, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the company on pages 18 to 19.

In our opinion:

- the financial statements of the company:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2023; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards Reduced Disclosure Regime; and
- the performance information of the company presents fairly, in all material respects, the company's actual performance compared against the performance targets and other measures by which performance was judged in relation to the company's objectives for the year ended 30 June 2023.

Our audit was completed on 17 October 2023. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

#### Basis for our opinion

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



**Building a better  
working world**

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

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

### **Responsibilities of the Board of Directors for the financial statements and the performance information**

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

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

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

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

### **Responsibilities of the auditor for the audit of the financial statements and the performance information**

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

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

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

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

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

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



**Building a better  
working world**

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We evaluate the appropriateness of the reported performance information within the company's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

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

Our responsibilities arise from the Public Audit Act 2001.

### **Other Information**

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 1 to 4 and 20 to 21, but does not include the financial statements and the performance information, and our auditor's report thereon.

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

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

### **Independence**

We are independent of the company in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and





**Building a better  
working world**

Ethical Standard 1: *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) (PES 1)* issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the company.

A handwritten signature in black ink that reads "John Hodge". The signature is written in a cursive style with a large initial 'J'.

Johnathan Hodge  
Ernst & Young  
On behalf of the Auditor-General  
Christchurch, New Zealand

**Buller Recreation Limited**  
**Statement of comprehensive income**  
**For the year ended 30 June 2023**

	Note	2023 \$'000	2022 \$'000
Operating revenue	7	1,526	1,433
Other revenue	7	<u>31</u>	<u>90</u>
		<u>1,557</u>	<u>1,523</u>
<b>Expenses</b>			
Depreciation expenses	15	(730)	(722)
Personnel costs	9	(839)	(831)
Other operating expenses	8	<u>(835)</u>	<u>(738)</u>
<b>Total operating expenses</b>		<b>(2,404)</b>	<b>(2,291)</b>
Finance income	11	<u>14</u>	<u>5</u>
		<b>(833)</b>	<b>(763)</b>
Income tax benefit	10	<u>(3)</u>	<u>695</u>
<b>Deficit after tax</b>		<b><u>(836)</u></b>	<b><u>(68)</u></b>
<b>Other comprehensive income</b>			
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
<b>Total comprehensive loss</b>		<b><u>(836)</u></b>	<b><u>(68)</u></b>

*The above statement of comprehensive income should be read in conjunction with the accompanying notes.*

**Buller Recreation Limited**  
**Statement of financial position**  
**As at 30 June 2023**

	Note	2023 \$'000	2022 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	12	95	239
Trade and other receivables	13	137	111
Inventories	14	2	1
Investments		<u>463</u>	<u>353</u>
<b>Total current assets</b>		<u><b>697</b></u>	<u><b>704</b></u>
<b>Non-current assets</b>			
Property, plant, and equipment	15	9,107	9,655
Deferred tax assets	18	<u>106</u>	<u>109</u>
<b>Total non-current assets</b>		<u><b>9,213</b></u>	<u><b>9,764</b></u>
<b>Total assets</b>		<u><b>9,910</b></u>	<u><b>10,468</b></u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	16	186	103
Employee entitlements	17	92	84
GST payable		11	15
Deferred income		<u>39</u>	<u>31</u>
<b>Total current liabilities</b>		<u><b>328</b></u>	<u><b>233</b></u>
<b>Total liabilities</b>		<u><b>328</b></u>	<u><b>233</b></u>
<b>Net assets</b>		<u><b>9,582</b></u>	<u><b>10,235</b></u>
<b>EQUITY</b>			
Share capital	19	18,699	18,516
Accumulated losses	19	<u>(9,117)</u>	<u>(8,281)</u>
<b>Total equity</b>		<u><b>9,582</b></u>	<u><b>10,235</b></u>

*The above statement of financial position should be read in conjunction with the accompanying notes.*

**Buller Recreation Limited**  
**Statement of changes in equity**  
**For the year ended 30 June 2023**

	Note	2023 \$'000	2022 \$'000
<b>Balance at 1 July</b>		<b>10,235</b>	10,201
Loss for the year		<b>(836)</b>	(68)
Increase in share capital	19	<u>183</u>	<u>102</u>
<b>Balance at 30 June</b>		<u><b>9,582</b></u>	<u>10,235</u>

*The above statement of changes in equity should be read in conjunction with the accompanying notes.*

**Buller Recreation Limited**  
**Statement of cash flows**  
**For the year ended 30 June 2023**

	Note	2023 \$'000	2022 \$'000
<b>Cash flows from operating activities</b>			
Management service fee from Buller District Council	7	851	851
Cash received from customers		658	570
Interest received	11	8	5
Receipts from government grant		43	105
Cash paid to suppliers and employees		<u>(1,595)</u>	<u>(1,546)</u>
<b>Net cash outflow from operating activities</b>		<u>(35)</u>	<u>(15)</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, and equipment	15	(182)	(103)
Payments for investments		<u>(110)</u>	<u>(152)</u>
<b>Net cash inflow (outflow) from investing activities</b>		<u>(292)</u>	<u>(255)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issues of shares	19	<u>183</u>	<u>102</u>
<b>Net cash inflow from financing activities</b>		<u>183</u>	<u>102</u>
<b>Net increase (decrease) in cash and cash equivalents</b>			
Cash and cash equivalents at the beginning of the year		<u>239</u>	<u>407</u>
<b>Cash, cash equivalents, and bank overdrafts at the end of the year</b>	12	<u>95</u>	<u>239</u>

*The above statement of cash flows should be read in conjunction with the accompanying notes.*

## **1 Statement of accounting policies**

### **1.1 Reporting entity**

These are the financial statements of Buller Recreation Limited ('the Company'). Buller Recreation Limited was incorporated in New Zealand under the Companies Act 1993 and is a Council Controlled Organisation under the Local Government Act 2002. It is engaged in the business of the operation and management of a sports and leisure facility for the Buller community and on this basis has designated itself a public benefit entity (PBE) for the purpose of financial reporting.

The financial statements of the Company are for the year ended 30 June 2023 and were authorised for issue by the Board of Directors on the date listed in the directors' report.

### **1.2 Basis of preparation**

The financial statements have been prepared on the going concern basis. Accounting policies have been applied consistently throughout the period.

The directors are in receipt of a letter of ongoing support from its ultimate controlling entity Buller District Council. As a result, the directors consider it appropriate to prepare the financial statements on a going concern basis.

Also, refer to note 6, liquidity risk for financial instruments.

### **1.3 Statement of compliance**

The financial statements for the year ended 30 June 2023 have been prepared in accordance with the requirements of the Local Government Act 2002 which includes the requirement to comply with New Zealand generally accepted accounting standards (NZ GAAP). The financial statements comply with Tier 2 PBE accounting standards for periods beginning on or after 1 July 2014.

As the Company has elected to report under Tier 2 PBE accounting standards, it has applied disclosure concessions where available. The criteria under which the Company is eligible to report under Tier 2 PBE accounting standards are as follows:

- the Company is not publicly accountable; and
- the Company's total expenses are below the \$30 million threshold for Tier 1 reporting.

### **1.4 Presentation**

The financial statements have been prepared using the historical cost basis and are presented in New Zealand dollars with all values being rounded to the nearest thousand dollars (\$000).

### **1.5 New standards adopted by the Company**

In March 2019, the External Reporting Board (XRB) issued PBE IPSAS 41 *Financial instruments* which supersedes both PBE IFRS 9 Financial Instruments and PBE IPSAS 29 Financial Instruments: Recognition and Measurement. The Company has adopted PBE IPSAS 41 effective 1 July 2022 and the main changes between PBE IPSAS 29 and PBE IPSAS 41 are:

- New financial asset classification requirements for determining whether an asset is measured at fairvalue or amortised cost,
- A new impairment model for financial assets based on expected credit losses, which may result in earlier recognition of impairment losses, and
- Revised hedge accounting requirements to better reflect the management of risks.

## **2 Summary of significant accounting policies**

In the preparation of these financial statements, the specific accounting policies are as follows:

### **2.1 Revenue**

#### ***Revenue from services***

Revenue derived through the provision of sports and leisure services to third parties in a commercial manner is recognised in proportion to the stage of completion at balance date.

#### ***Revenue from sale of goods***

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer and recovery of the consideration is probable.

#### ***Interest***

Interest income is recognised using the effective interest method.

#### ***Revenue from exchange transactions***

Revenue from exchange transactions arises where the Company provides goods or services to another entity and directly receives approximately equal value (primarily in the form of cash) in exchange.

#### ***Revenue from non-exchange transactions***

Revenue from non-exchange transactions arises from transactions that are not exchange transactions. These are transactions where the Company receives value from another entity without giving approximately equal value directly in exchange for the value received.

Approximately equal value is considered to reflect a fair or market value, which is normally with an arm's length commercial transaction between a willing buyer and a willing seller.

The fair value of non-exchange transactions approximates face value of the receipts.

### **2.2 Borrowing costs**

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

### **2.3 Financial instruments**

#### **Recognition and initial measurement**

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at FVTSD, transaction costs that are directly attributable to its acquisition or issue. At initial recognition, an entity may measure short-term receivables and payables at the original invoice amount if the effect of discounting is immaterial.

#### ***Classification and subsequent measurement***

On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through comprehensive revenue and expense (FVOCRE), or fair value through surplus and deficit (FVTSD).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its management model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the management model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a management model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

## 2 Summary of significant accounting policies (continued)

Subsequent to initial measurement, these assets are measured at amortised cost using the effective interest method, less any expected credit losses (ECLs). The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in surplus or deficit. Any gain or loss on derecognition is recognised in surplus or deficit.

Financial liabilities are classified as measured at amortised cost or FVTSD. A financial liability is classified as at FVTSD if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTSD are measured at fair value and net gains and losses, including any interest expense, are recognised in surplus or deficit. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in surplus or deficit. Any gain or loss on derecognition is also recognised in surplus or deficit.

### **Impairment**

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost. The loss allowance is at an amount equal to lifetime ECL's.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company expects no significant recovery from the amount written off.

### **Derecognition**

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

### **2.4 Cash and cash equivalents**

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less plus bank overdrafts. Bank overdrafts are shown on the balance sheet as current liabilities within short term borrowings.

### **2.5 Trade and other receivables**

Trade and other receivables are stated at their estimated realisable value and recognised at amortised cost. Bad debts are written off in the year in which they are identified. A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provisions is the difference between the asset carrying amount and the present value of estimated future cash flows, discounted using the effective interest rate method.

### **2.6 Inventory**

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method.

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

The Company has the following classes of property, plant, and equipment:

<b>Class of asset depreciated</b>	<b>Depreciation rates</b>	<b>Method</b>
Land	0%	Straight Line
Buildings	1 - 20%	Straight Line
Furniture and fittings / office equipment	6 - 67%	Straight Line
Vehicle	10 - 30%	Straight Line
Plant	4 - 67%	Straight Line

All property, plant, and equipment except for land is stated at cost less depreciation and impairment losses.



## **2 Summary of significant accounting policies (continued)**

### **2.8 Impairment**

At each reporting date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

An impairment loss is recognised immediately in the statement of comprehensive income. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset. The reversal of an impairment loss is recognised immediately in the statement of comprehensive income.

### **2.9 Vested or donated physical assets**

For assets received for no or nominal consideration, the asset is recognised at its fair value when the Company obtains control of the asset. The fair value of the asset is recognised as revenue, unless there is a use or return condition attached to the asset.

### **2.10 Trade and other payables**

Trade and other payables are stated at amortised cost.

### **2.11 Employee entitlements**

Provision is made in respect of the Company's liability for annual and long service leave when it is probable that settlement will be required and if these liabilities are capable of being measured reliably. The Company's net obligation in respect of long-term employee benefits (such as long service leave) is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on government bond yields that have maturity dates approximating the terms of the Company's obligations. Any actuarial gains or losses are recognised in the statement of comprehensive income in the period in which they arise.

Short-term employee benefit obligations (such as payments for annual leave) are measured on an undiscounted basis and are expensed as the related service is provided.

### **2.12 Tax**

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in other comprehensive revenue or expenses, in which case it is recognised in other comprehensive revenue or expenses. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

## **2 Summary of significant accounting policies (continued)**

### **2.13 Goods and services tax**

These financial statements have been prepared on a GST exclusive basis with the exception of accounts receivable and accounts payable which are shown inclusive of GST.

## **3 Critical accounting estimates and judgements**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

#### 4 Statement of objectives and performance

The principal objective of the Company is to operate as a successful business. The objectives of the Company for this financial year and the following two financial years were clearly specified in the statement of intent, which was approved by the shareholders. These objectives are listed below with relevant targets and measures of performance, and the performance achieved during the financial year. Explanations are provided where the performance achieved is significantly different to the planned target.

Performance measure	Key performance indicator	Target	Achieved	Achieved
		2023	2023	2022
<b>Fitness membership</b>	Average membership over 12-month period	700	736	724
	Average retention rate over 12-month period	>75%	95%	95%
<b>Aquatic centre usage</b>	Average visits per month over 12 months	3,750	3,855	3,305
	Achieve number of students over 4 swimming terms	140	190	164
<b>Safety</b>	MTI	Nil	Nil - Achieved	Nil - Achieved
	Serious harm accidents	Nil	Nil - Achieved	Nil - Achieved
	LTI	Nil	Nil - Achieved	Nil - Achieved
<b>Work environment</b>	Maintain regular communication with all employees through weekly emailed updates and meetings with all staff every 4 months	Weekly meetings held with Management and Quarterly meetings with each department	Achieved. Weekly meetings held with Management and Quarterly meetings with each department	Achieved. Weekly meetings held with Management and Quarterly meetings with each department
	Review the succession plan for key positions and identify training needs and actions for the next 12 months	Review the succession plan for key positions and identify training needs and actions for the next 12 months	Achieved. Consideration given at management meetings to skills and training if personnel in key positions leave	Achieved. Staff needs identified in annual reviews
	Complete annual review process with all staff	Complete annual review process with all staff	Achieved - 30 June 2023	Achieved - 30 June 2022
	Undertake staff satisfaction survey every second year	Nil - next survey 2024	Not required until June 2024	Achieved - 30 June 2022
	Undertake client satisfaction survey every second year	Undertake client satisfaction survey every second year	Achieved - completed survey March 2023	Not required until June 2023

**4 Statement of objectives and performance (continued)**

Performance measure	Key performance indicator	Target	Achieved	Achieved
		2023	2023	2022
<b>Asset management</b>	Complete review of the asset management plan (AMP) annually	Complete review of the asset management plan (AMP) annually	Achieved - comprehensive asset management plan in place	Achieved. Ongoing.
	Complete maintenance and replacement in accordance with AMP (monitor monthly)	Complete maintenance and replacement in accordance with AMP (monitor monthly)	Achieved. Ongoing.	Achieved. Ongoing.
<b>Financial forecasts (\$000's)</b>	Revenue (excluding service level fee)	\$659	\$720	\$677
	BDC service level fee	\$851	\$851	\$851
	Expenditure	\$2,297	\$2,404	\$2,291
	Net operating surplus / (deficit)	\$(787)	\$(836)	\$(763)
	Provision for capex	\$183	\$183	\$103
	Ratio of shareholders' funds to total assets	60%	98%	98%

## 5 Statutory information

Entries made in the interests register

### Interests in transactions

The directors' interests have been recorded in the Company's interest register. The interest register as at 30 June 2023 as below and has been updated for changes in directors' interests during the year.

Director	Entity	Position
Kieran Sweetman	Buller Holdings Ltd	Director
	Buller Recreation Ltd	Director
	WestReef Services Ltd	Director
	Rochester Hall	Trustee
Vanessa van Uden	Admin & Business Solutions Ltd	Director
	Pan Adventures Ltd	Director
	CheckIn Ltd	Director
	Buller Holdings Ltd	Director
	Buller Recreation Ltd	Director
	WestReef Services Ltd	Director
Gareth Allen	Buller Holdings Ltd	Director
	Buller Recreation Ltd	Director
	Explore Murchison Ltd	Director
	Buller Chartered Accountants Ltd	Director
	Garry Anderson Investments Ltd	Shareholder (as Trustee)
	Glengarry 2010 Investments Ltd	Shareholder (as Trustee)
	Mokihinui Lyell Back Country Trust	Auditor
	St Canice's School Board	Trustee
	WestReef Services Ltd	Director
	Cleine Investments Ltd	Shareholder (as Trustee)
	Hirere Farm Ltd	Shareholder (as Trustee)
	Gatsby Ltd	Director
	Westlink Investments	Director
Westlink Trust Company Ltd	Director	
Robert Burdekin	KIROB Ltd	Director / Shareholder
	Buller Fire & Safety Ltd	Director / Shareholder
	Beulah Ridge Ltd	Shareholder
	Granity School	Trustee
	Buller Holdings Ltd	Director
	WestReef Services Ltd	Director
	Buller Recreation Ltd	Director
	Kaniams Ltd	Director
Steven Grave	CORDE Ltd	Chairperson
	Delta Utility Services Ltd	Director
	Whitestone Contracting Ltd	Chairperson
	Fulton Hogan Ltd	Shareholder
	Buller Holdings Ltd	Director
	WestReef Services Ltd	Director
	Buller Recreation Ltd	Director

### Use of company information by directors

The Board of Directors received no notices from directors requesting to use company information received in their capacity as directors which would not have otherwise been available to them.

### Shareholding by directors

No directors hold shares in the Company.

## **5 Statutory information (continued)**

### **Director's remuneration**

No directors' fees were paid in 2023 (2022: nil). No director of the Company has received or become entitled to receive any benefit. Fees for director services are reflected within the Parent's financial records.

### **Indemnity and insurance: directors and employees**

Directors and officer's liability insurance is held by QBE Insurance (International) Ltd.

### **Employee's remuneration**

No employees received remuneration and benefits which exceeded \$100,000 in value for the 2023 financial year (2022: none). Buller Recreation Ltd is managed by the CEO of Buller Holdings Ltd and this is recognised in the management fee for the Company.

### **Distribution**

The directors recommend that no distribution is to be paid for this year (2022: nil).

### **Donations**

No donations were made by the Company during the year.

### **Auditor's remuneration**

Auditor's remuneration for the year totalled \$36,670 (2022: \$27,300).

## 6 Financial instruments

The Company is party to financial instruments as part of its everyday operations. These include instruments such as bank balances, investments, accounts receivable and trade creditors.

The Company is risk averse.

### (a) Liquidity risk

Liquidity risk represents the Company's ability to meet its contractual obligations. The Company evaluates its liquidity requirements on an ongoing basis. In general, the Company generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities and would have credit lines in place to cover potential shortfalls. The Company also has an ongoing Letter of Support from the Buller District Council undertaking to provide financial support to the Company for any unforeseen expenditure that could place the Company into a cash deficit position.

Financial instruments categories and maturity analysis for the year:

	Less than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Cash flows \$'000	Carrying value \$'000
<b>2023</b>					
<b>Financial assets at amortised cost</b>					
Cash and cash equivalents	558	-	-	558	558
Trade and other receivables (Prepayments are excluded)	<u>99</u>	<u>-</u>	<u>-</u>	<u>99</u>	<u>99</u>
<b>Total financial assets</b>	<u><b>658</b></u>	<u><b>-</b></u>	<u><b>-</b></u>	<u><b>658</b></u>	<u><b>658</b></u>
<b>Financial liabilities at amortised cost</b>					
Trade and other payables	<u>186</u>	<u>-</u>	<u>-</u>	<u>186</u>	<u>186</u>
<b>Total financial liabilities</b>	<u><b>186</b></u>	<u><b>-</b></u>	<u><b>-</b></u>	<u><b>186</b></u>	<u><b>186</b></u>
<b>2022</b>					
<b>Financial assets at amortised cost</b>					
Cash and cash equivalents	593	-	-	593	593
Trade and other receivables (Prepayments are excluded)	<u>88</u>	<u>-</u>	<u>-</u>	<u>88</u>	<u>88</u>
<b>Total financial assets</b>	<u><b>681</b></u>	<u><b>-</b></u>	<u><b>-</b></u>	<u><b>681</b></u>	<u><b>681</b></u>
<b>Financial liabilities at amortised cost</b>					
Trade and other payables	<u>103</u>	<u>-</u>	<u>-</u>	<u>103</u>	<u>103</u>
<b>Total financial liabilities</b>	<u><b>103</b></u>	<u><b>-</b></u>	<u><b>-</b></u>	<u><b>103</b></u>	<u><b>103</b></u>

## 7 Revenue

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Operating revenue</b>		
Admissions and sales	602	505
Management fees	851	851
Rental income	3	7
Sponsorship income	<u>70</u>	<u>70</u>
<b>Total operating revenue</b>	<b><u>1,526</u></b>	<b><u>1,433</u></b>
<b>Other revenue</b>		
Wage subsidy	<u>31</u>	<u>90</u>
<b>Total other revenue</b>	<b><u>31</u></b>	<b><u>90</u></b>
<b>Total revenue</b>	<b><u>1,557</u></b>	<b><u>1,523</u></b>

## 8 Other operating expenses

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Energy costs	219	220
Audit fees	37	27
Management fees	133	117
Other operating expenses	<u>446</u>	<u>374</u>
<b>Total other operating expenses</b>	<b><u>835</u></b>	<b><u>738</u></b>

## 9 Personnel costs

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Payroll expense	819	810
Employee contributions to defined contribution plan	<u>20</u>	<u>21</u>
<b>Total personnel costs</b>	<b><u>839</u></b>	<b><u>831</u></b>



## 10 Income tax

	2023 \$'000	2022 \$'000
<b>Components of income tax benefit</b>		
Deferred tax	<u>3</u>	<u>(695)</u>
<b>Income tax benefit</b>	<u><b>3</b></u>	<u><b>(695)</b></u>
<b>Relationship between tax benefit and accounting loss</b>		
Loss before tax	<u>(833)</u>	<u>(763)</u>
Income tax at 28%	<u>(233)</u>	<u>(214)</u>
Tax effects of:		
• Prior year adjustment	(1)	-
• Group loss offset	237	210
• Deferred tax adjustment	<u>-</u>	<u>(691)</u>
<b>Income tax benefit</b>	<u><b>3</b></u>	<u><b>(695)</b></u>

Buller Recreation Limited is a part of a Tax Consolidated Group with Buller Holdings Limited and WestReef Services Limited. Consequently, all tax profits and losses are offset within the Group or payable as a subvention payment to Buller District Council.

## 11 Finance income - net

	2023 \$'000	2022 \$'000
Interest received	<u>14</u>	<u>5</u>
<b>Net finance income</b>	<u><b>14</b></u>	<u><b>5</b></u>

## 12 Cash and cash equivalents

	2023 \$'000	2022 \$'000
Cash at bank and in hand	95	138
Short term deposits	<u>-</u>	<u>101</u>
<b>Total cash and cash equivalents</b>	<u><b>95</b></u>	<u><b>239</b></u>

The carrying value of short-term deposits with maturity dates of three months or less from date of acquisition approximates their fair value.

## 13 Trade and other receivables

	2023 \$'000	2022 \$'000
Trade debtors	99	88
Prepayments	<u>38</u>	<u>23</u>
<b>Total debtors and other receivables</b>	<u><b>137</b></u>	<u><b>111</b></u>

### 13 Trade and other receivables (continued)

#### Bad and doubtful trade receivables

At 30 June 2023, there was no provision for doubtful debts (2022: nil).

#### Summary of debtor balances

All overdue receivables have been assessed for impairment and appropriate provisions have been applied as detailed below.

The provision for impairment has been calculated based on expected losses on Buller Recreation Limited's pool of debtors.

Expected losses have been determined based on an analysis of Buller Recreation Limited's overdue debtors.

	<b>2023</b> <b>\$'000</b>	<b>2023</b> <b>%</b>	2022 \$'000	2022 %
Current	94	95	85	97
1-30 days past due	4	5	-	-
31-60 days past due	-	-	3	3
61-90 days past due	-	-	-	-
<b>Total receivables</b>	<u>98</u>	<u>100</u>	<u>88</u>	<u>100</u>
Impairment	-	-	-	-
<b>Net receivables</b>	<u>98</u>	<u>100</u>	<u>88</u>	<u>100</u>

### 14 Inventories

	<b>2023</b> <b>\$'000</b>	2022 \$'000
Inventories	<u>2</u>	<u>1</u>

#### Inventory commitments

No inventories whatsoever are specifically and separately pledged as security for liabilities. Inventories are generally subject to retention of title clauses.

## 15 Property, plant, and equipment

	Land \$'000	Buildings \$'000	Plant \$'000	Vehicles \$'000	Office equipment, furniture and fittings \$'000	Total \$'000
<b>Cost</b>						
<b>As at 1 July 2021</b>	600	17,493	506	9	334	18,942
Additions	-	-	48	-	55	103
<b>As at 30 June 2022</b>	<u>600</u>	<u>17,493</u>	<u>554</u>	<u>9</u>	<u>389</u>	<u>19,045</u>
<b>As at 1 July 2022</b>	600	17,493	554	9	389	19,045
Additions	-	91	86	-	5	182
<b>As at 30 June 2023</b>	<u>600</u>	<u>17,584</u>	<u>640</u>	<u>9</u>	<u>394</u>	<u>19,227</u>
<b>Accumulated depreciation</b>						
<b>As at 1 July 2021</b>	-	(8,046)	(343)	(9)	(270)	(8,668)
Depreciation charge (note 8)	-	(658)	(33)	-	(31)	(722)
<b>As at 30 June 2022</b>	<u>-</u>	<u>(8,704)</u>	<u>(376)</u>	<u>(9)</u>	<u>(301)</u>	<u>(9,390)</u>
<b>As at 1 July 2022</b>	-	(8,704)	(376)	(9)	(301)	(9,390)
Disposals	-	-	-	-	-	-
Depreciation charge (note 8)	-	(658)	(42)	-	(30)	(730)
<b>As at 30 June 2023</b>	<u>-</u>	<u>(9,362)</u>	<u>(418)</u>	<u>(9)</u>	<u>(331)</u>	<u>(10,120)</u>
<b>Net book value</b>						
<b>As at 1 July 2021</b>	<u>600</u>	<u>9,447</u>	<u>163</u>	<u>-</u>	<u>64</u>	<u>10,274</u>
<b>As at 30 June 2022</b>	<u>600</u>	<u>8,789</u>	<u>178</u>	<u>-</u>	<u>88</u>	<u>9,655</u>
<b>As at 30 June 2023</b>	<u>600</u>	<u>8,222</u>	<u>222</u>	<u>-</u>	<u>63</u>	<u>9,107</u>

## 16 Trade and other payables

	2023 \$'000	2022 \$'000
Trade payables	123	55
Accrued expenses	63	48
<b>Total creditors and other payables</b>	<u>186</u>	<u>103</u>

The carrying value of trade and other payables approximates their fair value.

## 17 Employee entitlements

	2023 \$'000	2022 \$'000
<b>Current</b>		
Provision for employee leave entitlements	92	84
	<u>92</u>	<u>84</u>

## 18 Deferred tax assets

The Company does not have any unrecognised deferred taxation balances. Deferred taxation assets and liabilities are recognised as follows:

	Property, plant, and equipment \$'000	Accruals \$'000	Employee entitlements \$'000	Total \$'000
<b>Balance at 1 July 2021</b>	(601)	1	14	(586)
Credited / (charged) to profit or loss	694	4	(3)	695
<b>Balance at 30 June 2022</b>	<u>93</u>	<u>5</u>	<u>11</u>	<u>109</u>
<b>Balance at 1 July 2022</b>	93	5	11	109
Credited / (charged) to profit or loss	-	(5)	2	(3)
<b>Balance at 30 June 2023</b>	<u>93</u>	<u>-</u>	<u>13</u>	<u>106</u>

## 19 Equity

### (a) Share capital

	2023 \$'000	2022 \$'000
Balance at 1 July	18,516	18,414
Shares issued during the year	183	102
<b>Balance at 30 June</b>	<u>18,699</u>	<u>18,516</u>

### (b) Accumulated losses

	2023 \$'000	2022 \$'000
Balance at 1 July	(8,281)	(8,213)
Deficit for the year	(836)	(68)
<b>Balance at 30 June</b>	<u>(9,117)</u>	<u>(8,281)</u>

## 20 Related party transactions

The following transactions occurred between Buller Recreation Limited and the related parties during the year:

	2023 \$'000	2022 \$'000
<b>(a) Buller District Council</b>		
Service level fee received from Council	851	851
Services received from the Council	5	4
Other services provided to Council	1	2
Amounts receivable from the Council	82	82

The Company does not expect to provide tax losses to Buller District Council to offset against its taxable profits for the year ended 30 June 2023 (2022: \$750,000).

## 20 Related party transactions (continued)

	2023 \$'000	2022 \$'000
<b>(b) Buller Holdings Limited</b>		
Management fees	133	117
Amounts payable to BHL	36	20
Shares issued to BHL	183	102
<b>(c) WestReef Services Limited</b>		
Services received from WSL	36	36
Amounts payable to WSL	3	3
Services provided by BRL	10	10

Buller Recreation Limited has provided losses amounting to \$846,000 to WestReef Services Limited to offset against its taxable profits (2022: \$nil).

(d) The position of General Manager is covered by the CEO of Buller Holdings Limited. The remuneration is reflected in the management fee. There were no related party transactions with directors during the year.

## 21 Contingencies

As at 30 June 2023 the Company had no contingent liabilities or assets (2022: nil).

## 22 Commitments

As at 30 June 2023, there are no operating lease commitments as lessee. The Company also had a lease with Sport Tasman for office space as lessor. This lease ended in April 2022.

## 23 Events occurring after the balance date

There were no events occurring subsequent to balance date which require adjustment to or disclosure in the financial statements.