



INTERIM REPORT

For the Six months ending 31 December 2022

DIRECTORY:

Governing Body:

Destination Lake Taupo Trust Board

Tim Castle (Chairman)
Nicola Harvey (Deputy Chair)
Simon Jolly
Kiri Atkinson-Crean
David Steele

General Manager:

Jane Wilson

Bankers:

Bank of New Zealand Taupo – Transactional Banking

Auditors:

Silks Audit on behalf of
The Controller and Auditor General

Insurance Brokers:

Aon New Zealand Limited

Address:

Level 1, 32 Roberts Street, Taupo

Phone: +64 7 376 0400

Email: info@lovetaupo.com

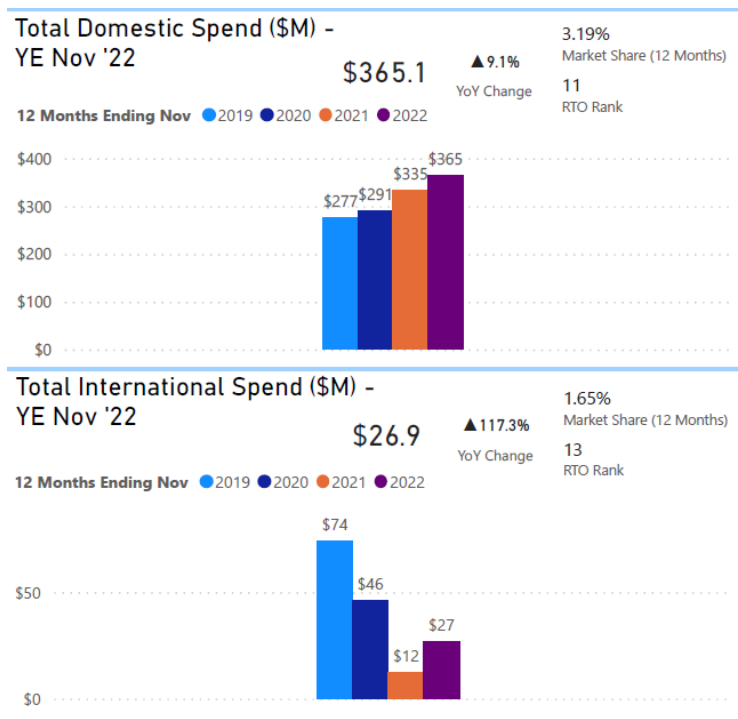
Website: lovetaupo.com

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PERFORMANCE OVERVIEW

This Interim Report consolidates the 6 monthly financial statements for the Destination Great Lake Taupō Trust, an assessment against key performance indicators in the Destination Great Lake Taupō 2022-23 Statement of Intent, and a report on the Trust's activities in accordance with Section 13.2(a) of the Trust Deed.



With the region totally reliant on domestic visitors during the Covid-19 pandemic, the reopening of international borders for all visitor categories from 31 July 2022 was welcome news for the tourism industry.

Although the Taupō district has generally performed well during the Covid pandemic, the tourism sector is certainly looking forward to a strong summer as international visitors return at a much faster rate than initially expected.

Domestic visitors to the Taupō region have spent \$365M YE November 2022, up 32% on 2019 pre-pandemic levels for the same period. The significant growth in revenue from the domestic sector has offset the loss in expected international revenue, placing the Taupō district as a strong performer compared to many other regions over the last 21/2 years.

The development of Te Ihirangi, our Destination Management Plan (DMP) has been completed. The 4-stage process has seen extensive community engagement with over 1500 conversations with Iwi, Hapu, key tourism stakeholders, rangatahi, residents and local and central government agencies. The DMP clearly articulates our vision and values as a community and outlines a pathway that ensures a regenerative approach to the future management, development, and protection of our region. It recognises the importance of the tourism sector 'giving back more than it takes' and thus positively contributing to the economic, social, cultural and environmental wellbeing of our destination for the benefit of future generations.



Growing industry capability continues to be a priority in building a 'destination of excellence' and several workshops have been held during the July- December period.

An important environmental action in our DMP is to ensure the tourism sector is moving towards a more sustainable future. In partnership with Tourism Industry Aotearoa, 12 operators undertook a 12-week pilot programme to begin their sustainability journey, with many making changes within their business to reduce their waste and carbon footprint. A further programme will offer the opportunity to more operators in early 2023.

With our strategic shift to support and drive business to operators in response to Covid-19, we have seen strong collaboration from industry across our marketing and campaign initiatives. Many operators are now leveraging

our marketing spend with great effect. Our marketing activity has generated over 136,000 operator referrals and over 18,000 'deal clicks' for the 6 months July – December 2022.

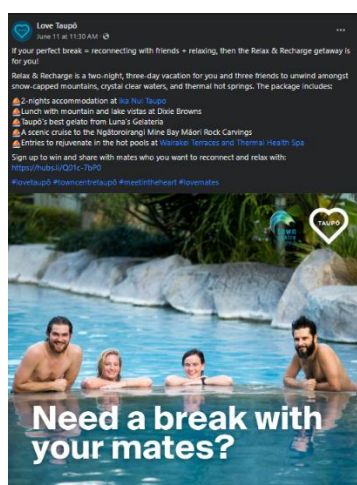
The continuation of Tourism Recovery funding from MBIE saw \$1M of funding added to DGLT's revenue in 2021-2022 with a provision to roll over the balance until YE June 2023. This has allowed DGLT to undertake several projects (including the development of the DMP) which would normally have fallen out of the remit of the organisation. Although this has placed significant pressure on our team at times, it has challenged our thinking and provided significant opportunity for us to build much stronger relationships with Iwi and Hapu, build greater operator capability, and provide much needed marketing funds to position the region as a compelling and attractive holiday destination in a highly competitive marketplace.

REPORT ON TRUST ACTIVITIES

Destination Marketing:

Our marketing activity for the 2023 financial year is focused on 3 core objectives:

- to ensure the Taupo region is top of the consideration list for domestic visitors
- to drive visitor referrals to our tourism businesses
- to leverage the rebound in international travel from the key markets of Australia, USA, and UK/Europe

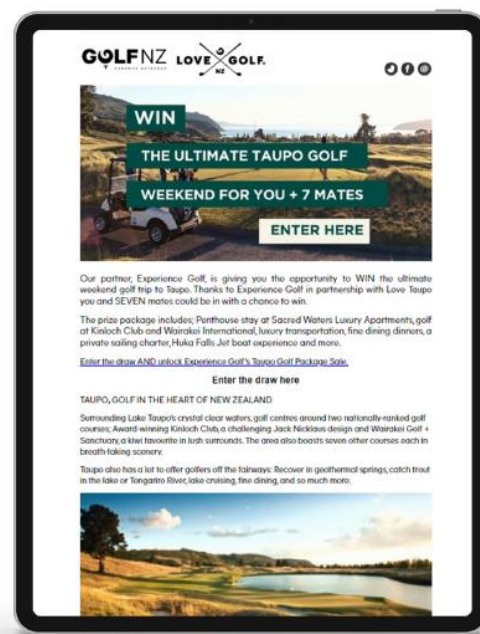


In July- August '22 we launched the MATES campaign to encourage friends and couples to visit the region over the slower winter period. The campaign generated over 69,000 click throughs to Lovetaupo.com and over 4,000 referrals to deals and packages loaded by our operators.

Attracting visitors who travel for their passion remains a key focus. This passion group strategy enables us to continue to 'talk' to these niche travellers on an ongoing basis and in an agile manner. It has allowed us to deliver content quickly and cost effectively in an 'always-on' approach. Although resource heavy, due to a constant need for new content, this strategy has delivered excellent engagement with our platforms and contributed to a very low bounce rate across organic traffic on lovetaupo.com of just 26%.

In addition to the existing fishing and biking passion groups we formed partnerships with NZ Mountain Safety Council and NZ Golf to launch our hiking and golf acquisition campaigns from June - August. These partnerships provided an opportunity to extend our reach (by tapping into their consumer databases) and provided much needed insights on these niche travel groups. The golf campaign generated 9,000 highly qualified contacts for our golf database and the hiking campaign added 9,300 contacts to our existing hiking database. We now continue to 'talk' with these potential passion group travellers through our nurturing email and EDM database communications strategy.

The roadworks along Ruapehu Street in Taupō town caused disruption for some of our lakefront motels. To support them during this period, we ran a short competition in conjunction with Towncentre Taupō for a group of four people to 'Meet in the middle'. The competition generated over 700

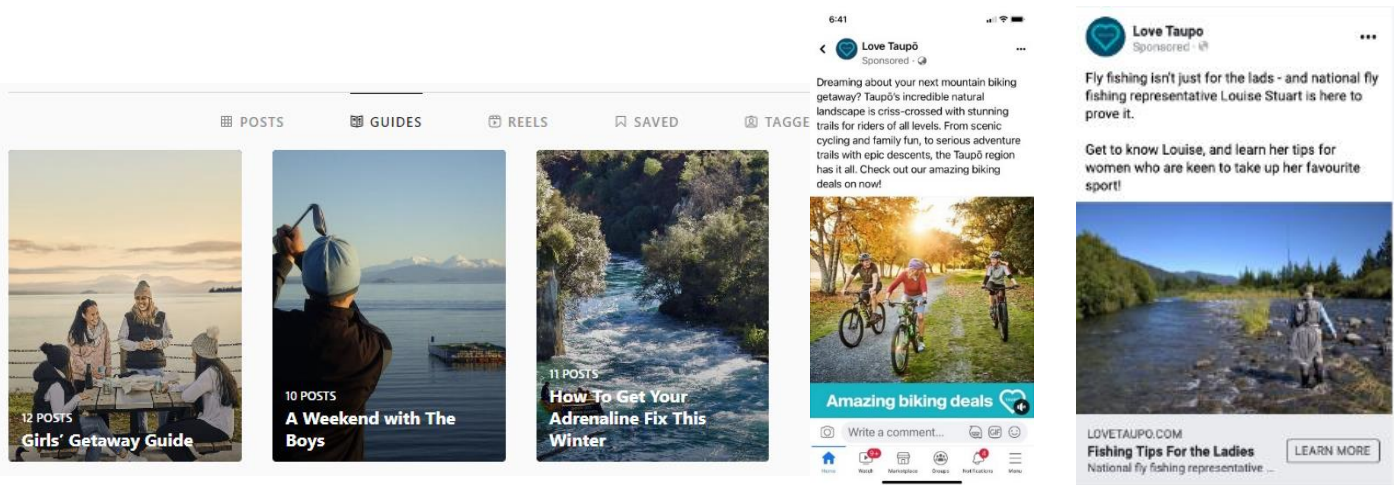


entries and the motels were very grateful for the assistance to help drive business to their properties at a challenging time.

With a focus on generating leads for our operators, we continue to run 'always on' search campaigns. We can capture attention when audience intent is high and remarket to ensure we stay top of mind as a destination. This ongoing google ads activity has generated over 1.5 million impressions resulting in a very high 70% conversion rate which has delivered over 46,000 operator page views.

In September and October, we partnered with the Big Bike Film Night (BBFN) to promote the region as a Central North Island Mountain biking mecca. The BBFN ran 63 screenings across NZ and 35 in Australian cinemas, with over 10,500 attendees across the events. The Australian screenings leveraged our earlier exposure for the Taupō regional bike trails through our inclusion in a full episode on the SBS Trail Town TV series which aired earlier in the year. DGLT gave away 2 biking holidays to Taupō as part of the promotion (3-night package for Australia and 2-night package for NZ winners).

Lovetaupo.com remains our key call to action for all campaign activity. Encouraging operators to keep their listings up to date and to leverage our marketing spend is an ongoing challenge but in general those that do proactively engage are reaping the benefits. For the July – December period the website has received over 1.2 M pageviews'. The average session time on site is a very healthy 2:23 minutes and our low bounce rate reflects a highly engaged audience once on the site.



In addition to our various campaigns, we are constantly in market with fresh content shared through our owned digital channels of Facebook, Instagram and Youtube. We also produce 2 printed brochures annually, the Food and Shopping Guide and the Official Visitor guide. Over 40,000 copies are distributed to local accommodation, tourism operators (locally and selected regions around the country) as well as the Cook Strait ferries and I-Sites throughout the North Island.

We have continued to work closely with Tourism New Zealand and have received extensive media coverage through the GO NZ partnership with Stuff and through other DGLT generated media opportunities across TV, radio, print and digital.

Lakeman Brewing Co
23 Oct · 🌐

If you missed Sunday night's **Hyundai Country Calendar** check it out online. Grab a cold one (and possibly some baked beans) a... See more



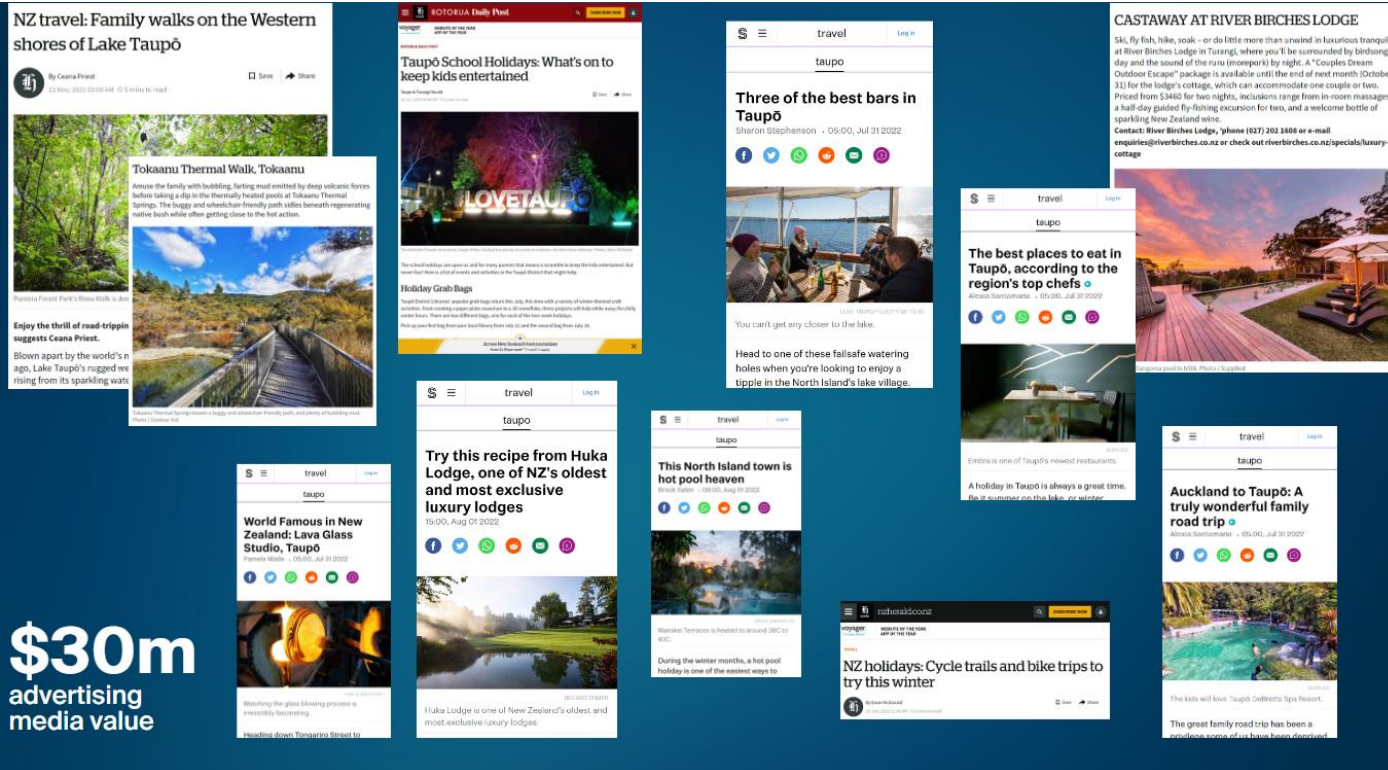
tvnz.co.nz
Watch Hyundai Country Calendar S2022E33 | TVNZ+



TRAIL TOWNS
Find your Favourite

The Taupō region had a 24min episode on SBS Australia.

32,132 current viewership	124,424 total forecasted viewership	168,509 radio listenership
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NZ travel: Family walks on the Western shores of Lake Taupō
By Ceana Priest
23 Nov, 2022 10:09 AM · 10 photos by road

Tokaanu Thermal Walk, Tokaanu
Amuse the family with bubbling, farting mud emitted by deep volcanic forces before taking a dip in the thermally heated pools at Tokaanu Thermal Springs. The buggy and wheelchair-friendly path stifles stifles regenerating native bush while often getting close to the hot action.

Enjoy the thrill of road-trippin suggests Ceana Priest
Blown apart by the world's nags, Lake Taupō's rugged wats rising from its sparkling wats

ROTOKIA Daily Post
Taupō School Holidays: What's on to keep kids entertained
Near Taupō Beach

Holiday Grab-Bags
Taupō School Holidays: popular grab-bags return this July. With lots of variety of outdoor-themed gift packages, from morning coffee and croissants to 20 minutes' free access off from the away from the city, there are now different bags, one for each of the new school holidays. Pick-up your first bag from your local library branch and it's off to the annual bag from July 29.

travel taupo
Three of the best bars in Taupō
Sharon Ouspenson · 05/09, Jul 31 2022

travel taupo
The best places to eat in Taupō, according to the region's top chefs
Alexia Somerville · 05/09, Jul 31 2022

CASTAWAY AT RIVER BIRCHES LODGE
Ski, fly fish, hike, soak - or do little more than unwind in luxurious tranquility at River Birches Lodge in Turangi, where you'll be surrounded by birdsong by day and the sound of the sura (mooeep) by night. A "Couples Dream Outdoor Escape" package is available until the end of next month (October 31) for the lodge's cottage, which can accommodate one couple or two. Priced from \$3460 for two nights, inclusions range from in-room massages to a half-day guided fly-fishing excursion for two, and a welcome bottle of sparkling New Zealand wine.
Contact: River Birches Lodge, phone (027) 262 2668 or e-mail enquiries@riverbirches.co.nz or check out riverbirches.co.nz/specials/luxury-cottage

travel taupo
Try this recipe from Huka Lodge, one of NZ's oldest and most exclusive luxury lodges
15:00, Aug 01 2022

travel taupo
This North Island town is hot pool heaven
Brook Baker · 08/00, Aug 31 2022

travel taupo
World Famous in New Zealand: Lava Glass Studio, Taupō
Pavani Mulla · 05/09, Jul 31 2022

travel taupo
Auckland to Taupō: A truly wonderful family road trip
Alexia Somerville · 05/09, Jul 31 2022

travel taupo
NZ holidays: Cycle trails and bike trips to try this winter
By Sarah Beckett

\$30m advertising media value

With the opening of international borders, our offshore marketing activity has recommenced. We relaunched our domestic 'River of Dreams' fishing acquisition campaign into the Australian market from June - August 2022. The purpose of the campaign was to build a database of Australian fishermen through giving away 2 luxury prize packages to Taupō-Turangi. Working in partnership with Poronui Lodge, Helisika, Chris Jolly Outdoors, Tongariro River Rafting and Tongariro Lodge the campaign generated 9.8k sign-ups, 27,000 click throughs to the landing page and over 145,000 video views. Watch video [here](#).

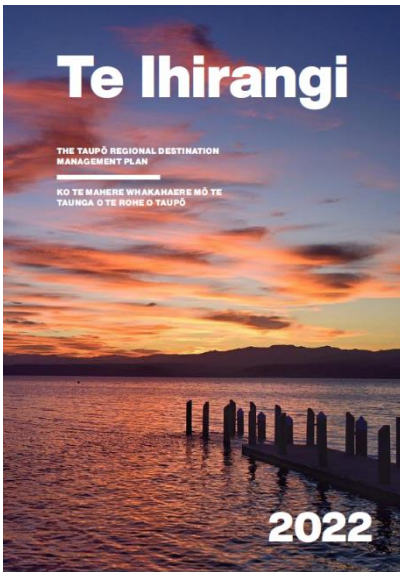


Our international marketing activity recommenced in July with the Taupō region represented at the Tourism NZ (TNZ) Kiwi Link event in North America, as part of our Explore Central North Island marketing alliance. Although DGLT was not present in person, Chris Jolly Outdoors, Poronui Lodge and Adrift Tongariro represented the region through one-on-one appointments with USA travel trade. DGLT then participated in a similar TNZ event in the UK in August, followed by a short sales trip to meet with 7 UK wholesalers and agencies. Feedback from both events indicated a strong appetite for NZ travel. This appears to be translating into solid summer bookings for the region and a much stronger bounce back than originally estimated.



Corporate, incentive and business event clients are high value and are a key source of revenue for the region, often visiting midweek and across the shoulder seasons. During the height of the pandemic, the region saw a significant rise in enquiry for Business Events (BE). This continues with most BE venues reporting high forward demand right through until March 2023. We continued to work closely with our Business Events Partnership Group and have produced new printed and digital collateral and completed production of a BE video to use at tradeshows and in future marketing initiatives.

Destination Management:



The Destination Management Plan was completed following adoption by the members of the Leadership Advisory Group at the end of December 2022.

There are over 50 action points within the DMP which are grouped into 6 key areas:

- a) Destination Leadership
- b) Our Culture
- c) Te Taiao the natural world
- d) Enterprise
- e) People and Workforce
- f) Infrastructure

Priority actions include:

- Undertake an independent review of the existing governance and management of the destination. This will look at identifying a more effective, efficient, and collaborative approach to ‘destination management’
- Establish a Destination Management governance group and operational entity that is mandated to oversee the implementation of the plan.
- Hold an Iwi-led cultural tourism wananga to grow Māori based tourism in the Taupō District.
- A review of the destination brand to ensure greater regional inclusivity while recognising the uniqueness across all communities within the destination.
- Support a regenerative approach – engage a regenerative tourism resource to support the tourism industry to develop regenerative tools and initiatives across the destination
- Climate Response – develop a destination climate adaptation plan for the Tourism industry which includes:
 - Measuring the impact of tourism on Climate Change, recording the carbon footprint of the region’s tourism sector, identifying actions to reduce and offset this footprint
 - Actions for the tourism industry to become more resilient in the face of climate change.
 - Opportunities for the destination to become a destination of choice for the environmentally conscious traveller
- Engage a tourism resource to specifically work with Iwi, Hapū and Māori tourism operators to actively facilitate and support the development and growth of Māori and cultural tourism initiatives within the destination.
- Growing capability and capacity – work with tourism operators, key partners, and education providers to develop a collective and coordinated strategy to strengthen and grow the capability and capacity of the destination’s tourism workforce.
- Mobility – support the implementation of the Taupō District Mobility Strategy and other opportunities to ensure our region is an accessible and inclusive destination for all visitors.

Industry engagement:

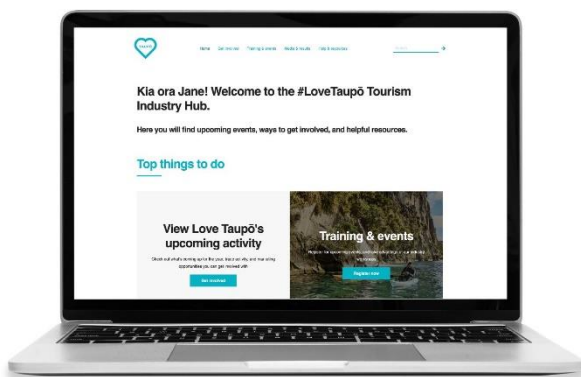
We held our second Industry update at the recently renovated Taupō Motorsport Park in August. We invited Bjoern Spreitzer (General Manager New Zealand & Business Events, Tourism New Zealand) to provide an update on Tourism New Zealand activity. He stayed on to do site inspections at a number of our B&B properties and was very impressed with the quality of product, our operators and the professionalism of the DGLT team.

Digital capability within the sector continues to be a challenge for many of our smaller operators. We have therefore continued to undertake one-on-one digital training with many of these businesses. This has enabled them to not only market their products more effectively but to better leverage our campaign spend.



With international borders reopening, and a resurgence in interest from our international trade partners, we hosted workshops to build knowledge and understanding of the international distribution system and how to effectively work with international travel partners. This included a sales trip to Auckland to meet with 16 local Inbound Tour Operators. 12 local operators participated in this DGLT hosted event.

Other workshops included Marketing 101, an Introduction to Accessible Tourism, and the 12-week —sustainability programme including a wrap up finale at Lava Glass on completion of the course.



Recognising a need to streamline communication with our tourism operators, we have developed an industry portal through Hubspot to provide a one stop shop which shares upcoming activity, campaign creative and results, events, training opportunities, famils, and resources. This was launched in September and is slowly gaining traction with operators.

DGLT PERFORMANCE MEASURES:

Objective 1 – Grow the value of the local tourism economy						
As measured	Data Source	Prior Year Actual YE Jun 2022	Target/Goal YE Jun 2023	Interim result: YE Nov 2022	Status	Comments
Growth in tourism expenditure	TECT's	Domestic: \$361 M (+40%)	Domestic: Retain domestic spend	Domestic: \$365M (+9%)	On track	
		International: \$14M (-79%)	Grow International spend by 100% if borders reopen	International: \$27M (+117%)	On track	
Objective 2 – Sustainably manage and develop the destination to create a “Destination of Excellence”						
As measured	Performance Measures	Baseline	Target/Goal YE Jun 2023	Interim Result to 30 Dec '22	Status	Comments
Develop a Destination Management strategy ensuring the balance of economic growth with the social, cultural and environmental well-being of the community.	Quarterly meetings of Leadership Advisory Group	Development of Destination Management Plan	DMP complete and implementation commenced	Complete	DMP Complete Actions in progress	Awaiting adoption from TDC Councillors. Some DGLT led initiatives in progress
	Grow industry capability.	Industry workshops	Minimum 4 per year	3	Ongoing	12-week sustainability programme with 12 operators completed. Trade 101 workshops complete One-on-One digital training ongoing
	Product Development	Product Audit to identify product gaps. Identify and support growth opportunities.	Ongoing	Ongoing	Ongoing	Product Audit refresh completed in September 2022. Spa development opportunity document complete and circulated to NZTE for investment attraction.
	Social license – connect with residents.	Annual Community Sentiment Survey, brand, and community workshops.	Ongoing	Ongoing	Change of scope	Community Survey to be conducted biannually rather than annually. Brand work to be undertaken in 2023 following completion of DMP review.

Objective 3 – Run an efficient and effective tourism organisation, strongly supported by the local tourism industry						
As measured	Data Source	Prior Year Actual YE Jun 2022	Target/Goal YE Jun 2023	Interim Result to 30 Dec '22	Status	Comments
Support for DGLT marketing initiatives	Measured by free of charge, in-kind or advertising support for marketing and famils activity. Participation in DGLT hosted activities.	\$101,825	\$80,000 \$30,000 of operator advertising on lovetaupo.com	\$53,308	On track	In-kind Media Famils: \$5,844 In-kind Trade Famils: \$3,560 In-kind Business Events famils: \$500 Business Events Partnerships: \$17,775 DGLT Support: \$6839 Content Creation: \$507 LoveTaupō.com Advertising: \$18,283
Stakeholder Satisfaction	Survey of active tourism operators	2019: 67% 2020: 76% 2021: 82% 2022: 83%	85%			Survey of industry conducted in June 2023

SUMMARY OF FINANCIAL STATEMENTS

OVERVIEW

Destination Great Lake Taupo is a Council Controlled Organisation of the Taupo District Council. Funding is primarily provided by a grant from the Taupō District Council. DGLT has also received significant additional funding from Central Government through grants from the Strategic Tourism Assets Protection Programme (STAPP) and the Regional Events post-covid recovery fund. In addition, the industry has continued to support the Business Events Partnership and advertising on lovetaupo.com, contributing revenue of \$36,058 for the 6 months year to date.

STATEMENT OF FINANCIAL PERFORMANCE

Revenue for the six months to 31 December was \$1,248,442 and comprised of TDC funding, Central Government funding through the Strategic Tourism Assets Protection Programme, Business Events partnership activity with industry, website advertising and interest income. Operating expenditure for the 6-month period was \$ 875,198 resulting in a current surplus of \$373,244. This surplus is due to the timing of marketing spend and the organisation is forecasting to break-even at year end.

STATEMENT OF FINANCIAL POSITION

Trust equity sits at \$656,719 and the Trust has a working capital position of \$618,811.

COMMENTARY ON FINANCIALS:

TDC Grant income was set at \$2,063,896 for 2022-2023 and is received quarterly.

Total unused STAPP funding of \$418,764 has been carried forward from the 2021-22 financial year, primarily used in the development of a Regional Destination Management plan and a continued focus on building industry capability. \$172,601 of this has been applied to approved initiatives in the year to date, leaving a balance of \$246,163 to be utilised by 30 June 2023.

DGLT remains in a very strong financial position with cash reserves of \$901,992 at 31 December 2022.

Report to Taupō District Council for 01 July - 31 December 2022

Prepared by:



Jane Wilson

General Manager

Destination Great Lake Taupō

26 January 2023

**Destination Lake Taupo Trust
Financial statements
for the half-year ended 31 December
2022**

Statement of Comprehensive Revenue and Expense
For the half-year ended 31 December 2022

	Note	Unaudited Actual For the 6 Months to 31 December 2022 \$	Unaudited Actual For the 6 Months to 31 December 2021 \$	Audited Actual 30 June 2022 \$
Revenue				
Operating grants	4	1,204,549	1,118,918	2,560,734
Revenue from services provided	3	36,058	34,867	34,865
Finance revenue	5	7,835	1,769	6,125
Total revenue		1,248,442	1,155,554	2,601,724
Expenditure				
Employee benefit expenses	6	340,088	297,804	592,729
Depreciation and amortisation expense	10,11	14,880	24,607	49,855
Finance costs	5	-	365	365
Other expenses	6	520,230	921,196	1,894,831
Total operating expenditure		875,198	1,243,972	2,537,780
Operating surplus/(deficit)		373,244	(88,418)	63,944
Total comprehensive revenue and expenses attributable to:				
Destination Lake Taupo Trust		373,244	(88,418)	63,944
		373,244	(88,418)	63,944

Statement of Changes in Net Assets/Equity
For the half-year ended 31 December 2022

	Note	Unaudited Actual For the 6 Months to 31 December 2022 \$	Unaudited Actual For the 6 Months to 31 December 2021 \$	Audited Actual 30 June 2022 \$
Net Assets/Equity at start of the year	7	283,473	166,986	219,528
Total comprehensive revenue and expenses previously reported		373,244	(88,418)	63,944
Balance at 31 December	7	656,719	78,568	283,473

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

Statement of Financial Position
As at 31 December 2022

	Note	Unaudited Actual For the 6 Months to 31 December 2022 \$	Unaudited Actual For the 6 Months to 31 December 2021 \$	Audited Actual 30 June 2022 \$
ASSETS				
Cash and cash equivalents	8	901,992	1,193,456	895,344
Trade and other receivables	9	27,771	59,739	35,001
Prepayments		74,887	51,288	37,754
Total current assets		1,004,650	1,304,483	968,099
Non-current assets				
Property, plant and equipment	10	11,947	17,730	14,826
Intangible assets	11	25,961	54,527	34,800
Total non-current assets		37,908	72,257	49,626
Total assets		1,042,558	1,376,740	1,017,725
LIABILITIES				
Current liabilities				
Trade and other payables	12	313,859	1,242,954	674,973
Employee benefit liabilities	13	71,980	55,218	59,279
Total current liabilities		385,839	1,298,172	734,252
Total liabilities		385,839	1,298,172	734,252
Net assets (assets minus liabilities)		656,719	78,568	283,473
EQUITY				
Equity	7	100	100	100
Accumulated funds	7	656,619	78,468	283,373
Total equity		656,719	78,568	283,473

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

Statement of Cashflows
For the half-year ended 31 December 2022

	Unaudited Actual For the 6 Months to 31 December 2022	Unaudited Actual For the 6 Months to 31 December 2021	Audited Actual 30 June 2022
Note	\$	\$	\$
Cash flows from operating activities			
Receipts from customers	18,332	40,993	39,460
Receipts from Taupo District Council operating grant	1,031,948	754,108	1,779,636
Finance revenue	7,835	1,769	6,125
Other revenue including STAPP, MBIE and TNZ grants	-	1,135,860	1,000,000
Net GST received	24,958	-	-
Payments to suppliers	(745,878)	(776,611)	(1,699,217)
Payments to employees	(327,387)	(288,690)	(579,553)
Interest paid	-	-	(365)
Net GST paid	-	(31,322)	(5,473)
Net cash flow from operating activities	9,808	836,107	540,613
Cash flows from investing activities			
Purchase and development of property, plant and equipment	-	-	(4,267)
Purchase and development of intangibles	(3,160)	(28,382)	(26,733)
Net cash flow from investing activities	(3,160)	(28,382)	(31,000)
Net increase (decrease) in cash held	6,648	807,725	509,613
Add cash at start of year	895,344	385,731	385,731
Cash, cash equivalents, and bank overdrafts at the end of the year	901,992	1,193,456	895,344
8			

The GST (net) component of cash flows from operating activities reflects the net GST paid to and received from the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes and to be consistent with the presentation basis of the other primary financial statements.

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

1 Statement of accounting policies for the half-year ended 31 December 2022

1.1 Reporting entity

The Destination Lake Taupo Trust ("the Trust") is a Council Controlled Organisation of Taupo District Council, by virtue of the Council's right to appoint the Board of Trustees. Governance is provided by the Trust Board as per the Destination Lake Taupo Trust deed. The relevant legislation governing the Trust's operations includes the LGA. The financial statements of the Destination Lake Taupo Trust have been prepared in accordance with the provisions of section 68 and section 69 of the Local Government Act 2002.

The primary objective of the Trust is to promote the Great Lake Taupo region to the domestic and international visitor market with the specific intention of growing this market, rather than for making a financial return. Accordingly, the Trust has designated itself as a public benefit entity for financial reporting purposes.

The financial statements of the Trust are for the 6 months ended 31 December 2022. The financial statements were approved by the Board of Trustees on 9 February 2023.

2 Summary of significant accounting policies

2.1 Basis of preparation of half-year financial report

The financial statements have been prepared on a Going Concern basis, and the accounting policies have been applied consistently throughout the period.

Statement of compliance

The financial statements of the Trust 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 practice (NZGAAP).

The financial statements have been prepared in accordance with Tier 2 PBE accounting standards.

Measurement base

The financial statements have been prepared on a historical cost basis except for certain classes of assets and liabilities which are recorded at fair value. These are detailed in the specific policies below.

Functional and presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar. The functional currency of the Trust is New Zealand dollars.

Changes in accounting policies

There have been no changes in accounting policies.

2.2 GST

The financial statements have been prepared exclusive of GST, except for trade and other receivables and trade and other payables. Where GST is not recoverable as an input tax it is recognised as part of the related asset or expense.

Commitments and contingencies are disclosed exclusive of GST.

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

2.3 Revenue

Revenue is measured at the fair value.

All grants (including the grant from Taupo District Council) and bequests received, including non-monetary grants at fair value, shall be recognised as revenue when there is reasonable assurance that:

- (a) the entity will comply with the conditions accounting to them; and
- (b) the grants will be received.

Vested assets

Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset received is recognised as revenue.

Sales of goods and services

2 Summary of significant accounting policies

Revenue from the sale of goods and services is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

Interest and dividends

Interest revenue is recognised as it accrues, using the effective interest method.

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

2.4 Leases

(i) Finance leases

Leases

Leases in which substantially all of the risks and rewards of ownership transfer to the lessee are classified as finance leases. At inception, finance leases are recognised as assets and liabilities on the Statement of Financial Position at the lower of the fair value of the leased property and the present value of the minimum lease payments. Any additional direct costs of the lease are added to the amount recognised as an asset. Subsequently, assets leased under a finance lease are depreciated as if the assets are owned.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term, so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method, foreign exchange losses, and losses on derivative instruments that are recognised in the Statement of Comprehensive Revenue and Expense. The interest expense component of finance lease payments is recognised in the Statement of Comprehensive Revenue and Expense using the effective interest rate method.

(ii) Operating leases

Payments made under operating leases are recognised in the surplus or deficit on a straight-line basis over the term of the lease. Lease incentives received are recognised in the Statement of Comprehensive Revenue and Expense as an integral part of the total lease expense.

2.5 Equity

Equity is the community's interest in The Trust as measured by the value of total assets, less total liabilities. Equity is disaggregated and classified into a number of reserves to enable clearer identification of the specific uses The Trust makes of its accumulated surpluses. The equity of The Trust is made up of the following components:

- Accumulated funds

2.6 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits, and other short term highly liquid investments with maturities of less than six months.

2.7 Financial assets

The Trust classifies its investments as loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments, which are not quoted in an active market. They are included in current assets except for maturities greater than 12 months after balance date, which are included in non-current assets. After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when these assets are impaired or derecognised are recognised in the Statement of Comprehensive Revenue and Expense.

2.8 Trade and other receivables

Trade and other receivables are initially measured at face value, less impairment losses (note 2.11). A provision for impairment of receivables is established when there is objective evidence that the Trust will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the carrying amount and the present value of the estimated future cashflows, discounted using the effective interest method.

2 Summary of significant accounting policies

2.9 Property, plant and equipment

Property, plant, and equipment consist of:

Operational assets – These include plant and equipment.

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

Valuation methodologies

Those asset classes that are revalued, are revalued on a three yearly valuation cycle. All other asset classes are carried at depreciated historical cost. The carrying values of all assets not revalued in any year are reviewed at each balance date to ensure that those values are not materially different to fair value.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

Increases in the carrying amounts arising on revaluation of an asset class are credited to revaluation reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in the surplus or deficit, the increase is first recognised in the surplus or deficit. Decreases that reverse previous increases of the same asset class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the class; all other decreases are charged to the surplus or deficit.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Trust and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the surplus or deficit during the financial period in which they are incurred.

Borrowing costs are not capitalised as part of the cost of an asset. They are recognised as an expense in the period in which they are incurred.

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 the Trust and the cost of the item can be measured reliably.

Disposals

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

Subsequent measurement

Subsequent to initial recognition, classes of PP&E are accounted for as set out below. Depreciation is charged on a straight-line basis at rates calculated to allocate the cost or valuation of an item of PP&E, less any residual value over its remaining useful life.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant, and equipment other than land, at rates that will write-off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Machinery	4 years	5% - 25%
Computer Equipment	4 years	25%
Office equipment	4-10 years	8.5% - 25%
Furniture and fittings	2-10 years	7% - 33%

2 Summary of significant accounting policies

2.10 Intangible assets

Software acquisition and development

Costs that are directly associated with the development of the Love Taupo website are recognised as an intangible asset.

Costs associated with maintaining the website are recognised as an expense when incurred.

Class of intangible asset	Estimated useful life	Amortisation rates
Website	4 years	25%

2.11 Impairment

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit.

2.12 Financial Liabilities

Short term creditors and other payables are recorded at their face value.

2.13 Employee entitlements

Provision is made in respect of the Trust's liability for salaries and wages accrued up to balance date, annual leave, long service leave.

Long service leave, where there is already actual entitlement, is accrued at actual entitlement using current rates of pay. In addition, there is an actuarial assessment of value for which entitlement has not yet been reached. This assessment uses current rates of pay taking into account years of service, years to entitlement and the likelihood staff will reach the point of entitlement. These estimated amounts are discounted to their present value.

Liabilities for annual leave are accrued on an actual entitlement basis, using current rates of pay.

Superannuation schemes

Defined contribution schemes

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

2.14 Income tax

The IRD has recently confirmed the Trust is now exempt from income tax under sections CW 40 of the Income Tax Act 2007. The IRD has advised that the exemption is not back-dated and applies from the date that the trust deed was amended on 12 June 2015.

2.15 Advertising costs

Advertising costs are expensed when the related service has been rendered.

3 Revenue from Services Provided

	Unaudited Actual For the 6 Months to 31 December 2022 \$	Unaudited Actual For the 6 Months to 31 December 2021 \$	Audited Actual 30 June 2022 \$
<u>Revenue from significant activities</u>			
Marketing fees	<u>36,058</u>	<u>34,867</u>	<u>34,865</u>
Total Operating Revenue	<u>36,058</u>	<u>34,867</u>	<u>34,865</u>

4 Subsidies and Grants

	Unaudited Actual For the 6 months to 31 December 2022 \$	Unaudited Actual For the 6 months to 31 December 2021 \$	Audited Actual 30 June 2022 \$
Grants			
Other government grants - MBIE STAPP Funding	172,601	364,809	781,098
Operating grant from Taupo District Council	<u>1,031,948</u>	<u>754,109</u>	<u>1,779,636</u>
Total subsidies and grants	<u>1,204,549</u>	<u>1,118,918</u>	<u>2,560,734</u>

5 Finance Revenue and Finance Costs

	Unaudited Actual For the 6 Months to 31 December 2022 \$	Unaudited Actual For the 6 Months to 31 December 2021 \$	Audited Actual 30 June 2022 \$
Finance revenue			
Interest revenue	<u>7,835</u>	<u>1,769</u>	<u>6,125</u>
Less finance costs			
Interest expense	<u>-</u>	<u>365</u>	<u>365</u>
Net finance costs	<u>7,835</u>	<u>1,404</u>	<u>5,760</u>

6 Operating Expenditure

	Unaudited Actual For the 6 Months to 31 December 2022 \$	Unaudited Actual For the 6 Months to 31 December 2021 \$	Audited Actual 30 June 2022 \$
Employee benefit expenses			
Salaries and wages	320,520	281,984	566,669
Increase/(decrease) in employee entitlements	12,700	9,113	13,175
Defined contribution plan employer contributions	<u>6,868</u>	<u>6,707</u>	<u>12,885</u>
Total employee benefit expenses	<u>340,088</u>	<u>297,804</u>	<u>592,729</u>
Furniture and fittings	<u>2,880</u>	<u>3,948</u>	<u>8,013</u>
Total depreciation	<u>2,880</u>	<u>3,948</u>	<u>8,013</u>
Amortisation of intangible assets:			
Website	<u>12,000</u>	<u>20,659</u>	<u>41,842</u>
Total amortisation	<u>12,000</u>	<u>20,659</u>	<u>41,842</u>
Total depreciation and amortisation	<u>14,880</u>	<u>24,607</u>	<u>49,855</u>
	Actual 2022 \$	Actual 2020 \$	Actual 2022 \$
Advertising	164,542	688,517	1,362,750
Audit fees for financial statements audit	9,803	9,804	11,822
Bad debts written off	-	420	840
Bank fees	270	287	497
Board meeting fees	21,128	21,231	36,951
Building rental	9,330	16,590	31,681
Conferences & Industry Training	67,684	9,895	36,261
Insurance	1,340	1,275	2,582
Maintenance	4,686	4,495	9,134
Materials and supplies	2,564	887	20,104
Memberships and subscriptions	68,254	49,407	103,292
Other expenses	28,357	19,954	41,562
Printing & stationery	721	277	2,138
Professional services fees	88,244	61,720	138,075
Publicity	343	625	625
Taupo District Council administration fee	25,000	25,000	50,000
Travel & accommodation	<u>27,964</u>	<u>10,812</u>	<u>46,517</u>
Total other expenses	<u>520,230</u>	<u>921,196</u>	<u>1,894,831</u>

7 Net Assets/Equity

	Unaudited Actual For the 6 Months to 31 December 2022 \$	Unaudited Actual For the 6 Months to 31 December 2021 \$	Audited Actual 30 June 2022 \$
Trust Equity			
Accumulated funds	<u>656,619</u>	<u>78,468</u>	<u>283,373</u>
Balance at 31 December 2022	<u>656,619</u>	<u>78,468</u>	<u>283,373</u>
Contributed equity			
Equity	<u>100</u>	<u>100</u>	<u>100</u>
Balance at 31 December 2022	<u>100</u>	<u>100</u>	<u>100</u>
Total equity	<u>656,719</u>	<u>78,568</u>	<u>283,473</u>
Accumulated funds			
Balance at 1 July 2021	<u>283,375</u>	166,886	219,429
Surplus/(deficit) for the half-year	<u>373,244</u>	<u>(88,418)</u>	<u>63,944</u>
Balance 31 December 2022	<u>656,619</u>	<u>78,468</u>	<u>283,373</u>

8 Cash and Cash Equivalents

	Unaudited Actual For the 6 Months to 31 December 2022 \$	Unaudited Actual For the 6 Months to 31 December 2021 \$	Audited Actual 30 June 2022 \$
Cash at bank and in hand			
Bank Call Account	<u>401,992</u>	293,456	695,344
Bank Term deposits with maturities less than six months	<u>500,000</u>	<u>900,000</u>	<u>200,000</u>
Total cash and cash equivalents used in statement of cashflows	<u>901,992</u>	1,193,456	895,344

The carrying value of short-term deposits with maturity dates of six months or less approximates their fair value.

The Trust has a BNZ Visa with a total facility available of \$40,000.

9 Trade and Other Receivables

	Unaudited Actual For the 6 Months to 31 December 2022 \$	Unaudited Actual For the 6 Months to 31 December 2021 \$	Audited Actual 30 June 2022 \$
Trade receivables	<u>15,784</u>	1,119	<u>2,891</u>
Net debtors	<u>15,784</u>	<u>1,119</u>	<u>2,891</u>
Receivables from related parties (note 14)	<u>1,452</u>	203	<u>278</u>
	<u>1,452</u>	<u>203</u>	<u>278</u>
Other	4,797	1,872	1,136
GST refund	<u>5,738</u>	<u>56,545</u>	<u>30,696</u>
	<u>10,535</u>	<u>58,417</u>	<u>31,832</u>
Total current net trade and other receivables	<u>27,771</u>	<u>59,739</u>	<u>35,001</u>
Total debtors and other receivables from exchange transactions	<u>15,784</u>	<u>1,119</u>	<u>2,912</u>
Total current net trade and other receivables from non-exchange transactions	<u>11,987</u>	<u>58,620</u>	<u>32,089</u>
Total current net trade and other receivables	<u>27,771</u>	<u>59,739</u>	<u>35,001</u>

The status of receivables as at 31 December 2022 are detailed below:

	Unaudited Actual For the 6 Months to 31 December 2022 \$	Unaudited Actual For the 6 Months to 31 December 2021 \$	Audited Actual 30 June 2022 \$
Current	14,404	-	2,891
Past due 1-30 days	-	635	-
Past due 31-60 days	-	-	-
Past due 61+ days	1,380	484	-
Impairment	-	-	-
Total	<u>15,784</u>	<u>1,119</u>	<u>2,891</u>

The Trust holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

10 Property, Plant and Equipment

December 2022	Cost 1 Jul 2022 \$	Accumulated depreciation 1 Jul 2022 \$	Carrying amount 1 Jul 2022 \$	Current year additions (+ gains) \$	Current year disposals (+ losses) \$	Current year depreciation \$	Cost / revaluation 31 Dec 2022 \$	Accumulated depreciation 31 Dec 2022 \$	Carrying amount 31 Dec 2022 \$
Operating assets at cost									
Office furniture and fittings	27,824	(22,121)	5,703	-	-	(746)	27,824	(22,867)	4,957
Plant and equipment	39,344	(30,221)	9,123	-	-	(2,133)	39,344	(32,354)	6,990
Total DGLT 31 December 2022	67,168	(52,342)	14,826	-	-	(2,879)	67,168	(55,221)	11,947
December 2021	Cost 1 Jul 2021 \$	Accumulated depreciation 1 Jul 2021 \$	Carrying amount 1 Jul 2021 \$	Current year additions (+ gains) \$	Current year disposals (+ losses) \$	Current year depreciation \$	Cost / revaluation 31 Dec 2021 \$	Accumulated depreciation 31 Dec 2021 \$	Carrying amount 31 Dec 2021 \$
Operating assets at cost									
Office furniture and fittings	26,663	(18,897)	7,766	-	-	(1,596)	26,663	(20,493)	6,170
Plant and equipment	50,645	(39,839)	10,806	3,106	-	(2,352)	53,751	(42,191)	11,560
Total DGLT 31 December 2021	77,308	(58,736)	18,572	3,106	-	(3,948)	80,414	(62,684)	17,730
June 2022	Cost 1 Jul 2021 \$	Accumulated depreciation 1 Jul 2021 \$	Carrying amount 1 Jul 2021 \$	Current year additions (+ gains) \$	Current year disposals (+ losses) \$	Current year depreciation \$	Cost / revaluation 30 June 2022 \$	Accumulated depreciation 30 June 2022 \$	Carrying amount 30 June 2022 \$
Operating assets At cost									
Office furniture and fittings	26,663	(18,897)	7,766	1,161	-	(3,224)	27,824	(22,121)	5,703
Plant and equipment	50,645	(39,839)	10,806	3,106	(14,407)	(4,789)	39,344	(30,221)	9,123
Total DGLT 30 June 2022	77,308	(58,736)	18,572	4,267	(14,407)	(8,013)	67,168	(52,342)	14,826

There is no provision for impairment this year (2021 \$nil)

11 Intangible Assets

Movements in the carrying value for each class of intangible asset are as follows:

	Website \$	Total \$
Year ended June 2021		
Total Cost	144,308	144,308
Total accumulated amortisation and impairment	<u>(94,398)</u>	<u>(94,398)</u>
Net book amount	<u>49,910</u>	<u>49,910</u>
Half-year ended 31 December 2021		
Opening net book amount	49,910	49,910
Development costs recognised as an asset	25,276	25,276
Amortisation charge for period **	<u>(20,659)</u>	<u>(20,659)</u>
Closing net book amount	<u>54,527</u>	<u>54,527</u>
At 31 December 2021		
Total Cost	169,584	169,584
Total accumulated amortisation and impairment	<u>(115,057)</u>	<u>(115,057)</u>
Net book amount	<u>54,527</u>	<u>54,527</u>
Half-year ended 31 December 2022		
Opening net book amount	33,343	34,800
Development costs recognised as an asset	4,617	3,160
Amortisation charge for period **	<u>(11,999)</u>	<u>(11,999)</u>
Closing net book amount	<u>25,961</u>	<u>25,961</u>
At 31 December 2022		
Total Cost	174,201	174,201
Total accumulated amortisation and impairment	<u>(148,240)</u>	<u>(148,240)</u>
Net book amount	<u>25,961</u>	<u>25,961</u>

** Amortisation of \$11,999 (2021: \$20 659) is included in depreciation and amortisation expense in the statement of comprehensive income.

12 Trade and Other Payables

	Unaudited Actual For the 6 Months to 31 December 2022 \$	Unaudited Actual For the 6 Months to 31 December 2021 \$	Audited Actual 30 June 2022 \$
Trade payables	7,263	120,863	128,466
Payables to controlled entities	-	-	51,315
Accrued expenses	60,150	98,605	76,126
Provision for ACC	283	31	302
Revenue in advance	246,163	1,023,455	418,764
Total creditors and other payables	313,859	1,242,954	674,973
Total creditors and other payables from exchange transactions	56,744	219,468	222,699
Total creditors and other payables from non-exchange transactions	257,115	1,023,486	452,274
Total current creditors and other payables from exchange and non-exchange transactions	313,859	1,242,954	674,973

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

13 Employee Benefit Liabilities

	Unaudited Actual For the 6 Months to 31 December 2022 \$	Unaudited Actual For the 6 Months to 31 December 2021 \$	Audited Actual 30 June 2022 \$
Current portion			
Accrued pay	24,325	21,286	21,484
Annual leave	47,655	33,644	37,508
Long service leave & lieu days	-	288	287
Total current portion	71,980	55,218	59,279
Total employee entitlements	71,980	55,218	59,279

14 Related Party Transactions

The Destination Lake Taupo Trust (the Trust) is a Council Controlled Organisation of Taupo District Council and received a significant operating grant from the Council to deliver its objectives as specified in the Trust Deed. All transactions with related parties have been conducted at arms length.

Key management personnel

	Unaudited Actual For the 6 Months to 31 December 2022 \$	Unaudited Actual For the 6 Months to 31 December 2021 \$	Audited Actual 30 June 2022 \$
Remuneration (Trustees and Senior Management Personnel)	21,128	21,230	37,302
Full-time equivalent personnel	5	6	6
<i>Senior Management</i>			
Remuneration (GM & SMT)	-	-	-
Full-time equivalent members	<u>2</u>	<u>3</u>	<u>2</u>
Total key management personnel compensation	21,128	21,230	37,302
Total full-time equivalent personnel	7	<u>9</u>	<u>8</u>

Due to the difficulty in determining the full-time equivalent for Board Members, the fulltime equivalent figure is taken as the number of Board Members.

Due to the small number personnel that constitute the senior management their remuneration has not been disclosed for privacy reasons.

15 Capital & Operational Commitments and Operating Leases

Operating sub-lease as sub-lessee:

The Destination Lake Taupo Trust sub-leases a building from the Taupo District Council in the normal course of the Trust's business. The building is situated at 32 Roberts Street Taupo. The sub-lease includes two rights of renewal, each for a term of 3 years with both rights of renewal having been exercised and the final expiry date of the sub-lease being 2nd February 2023. The future aggregate minimum lease payments to be paid under the operating sub-lease is as follows:

	Unaudited Actual For the 6 Months to 31 December 2022 \$	Unaudited Actual For the 6 Months to 31 December 2021 \$	Audited Actual 30 June 2022 \$
Payable no later than one year	3,808	22,850	15,233
Later than one, not later than two years	-	<u>5,712</u>	-
Total non-cancellable operating leases	3,808	<u>28,562</u>	<u>15,233</u>

16 Events after Balance Date

There were no significant events after balance date that require reporting.