



INTERIM REPORT

For the Six months ending 31 December 2020

DIRECTORY:

Governing Body:

Destination Lake Taupo Trust Board

Ray Salter (Chairman)
Glyn Williams (Deputy Chairman)
Dennis Christian
Jonathan Cameron
Cushla Clark
Torben Landl

General Manager:

Jane Wilson

Bankers:

Bank of New Zealand Taupo – Transactional Banking

Auditors:

Audit New Zealand on behalf of
The Controller and Auditor General

Insurance Brokers:

Aon New Zealand Limited

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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 2020-21 DGLT Statement of Intent, and a report on the Trust's activities in accordance with Section 13.2(a) of the Trust Deed.

Closed international borders combined with national and regional lockdowns have seen the COVID-19 pandemic seriously impact tourism's contribution to the Taupō District economy since March 2020.

Visitors to the region contributed over \$640 million to the local economy YE Oct 2020¹ - down 6%. Of this \$485M was contributed by domestic visitors and \$155M from international arrivals.



Our central location, reputation as an iconic Kiwi holiday destination and our early entry back into market in May 20 saw the Taupō region bounce back better than many post lockdown with domestic spend up 38% from June – October (hitting a high of 64% in July) and total tourism spend up 12.7% on the same period last year. This placed the Taupō District in the top 7 performers across the country alongside Wairarapa, Hurunui, Whanganui, Coromandel, Gisborne and Northland. It is however important to recognise that this increase was from a low base over the slower months of winter and spring.

The months of November and December traditionally see a jump in international arrivals to the region. In 2019 International visitors contributed \$53M over this period and so without these arrivals the lead-in to summer 2020 was significantly slower for our industry with total spend for the region was down 6% in November and up just 0.5% in December² – with any increases coming from spend in retail (homewares, apparel) and not from revenue generated within the tourism sector.

A substantial cut in resources and the changes caused by COVID-19 saw a strategic review of DGLT's core priorities. DGLT's marketing activity became solely focused on attracting domestic visitors and encouraging residents to support, shop and explore locally.

A further change post lockdown was the transfer of the I-sites back under the Taupō District Council from 01 July 2020. The performance of the I-sites is no longer included in this report.

A 12-month grant of \$700,000 from Central Government as part of the Tourism Recovery fund (STAPP) has offset the TDC budget cuts allowing DGLT to meet its obligations as set out in the 2020-2021 Statement of Intent.



¹ Source: MRTE's – Nov 2020

² Marketview – Dec 2020

REPORT ON TRUST ACTIVITIES

Destination Marketing:

Attracting domestic visitors to the region as quickly as possible post lockdown was our key priority. The Right in the Heart of this Place campaign lead the RTO activity across the country and the region benefited from being first to market. The campaign rolled out across TV, outdoor and digital channels with great success from May – July 2020.

This activity generated good visitation from our traditionally high producing domestic source markets – namely Auckland, Bay of Plenty, Manawatu, and Waikato. Domestic regional spend was up 38% on average from Jun – Oct 2020³ against the same period last year, reaching a high of 64% in July. This is against an average decline in domestic spend of - 7% across the country.

Although this initial bounce back was very positive for our industry and regional economy, domestic visitation is largely driven by weekend travel outside the key school and public holiday periods. Sustaining a viable tourism sector based around weekend visitation is extremely difficult for the industry. Recognizing the need to improve midweek occupancy DGLT partnered with Ruapehu Alpine Lifts, Visit Ruapehu and our local industry to launch [“Cheeky Midweek”](#) in September/October. The key objective of this campaign was to stimulate midweek travel through the release of a broad range of cheeky midweek deals. Over 40 operators across the Taupō District participated in this campaign and 12,000 referrals were generated for our regions tourism operators and retail sector.



In November we launched our second passion group database acquisition campaign for fishing. Generous support from our fishing operators and luxury accommodation culminated in giving away an 8 day, [\\$20,000 fishing holiday](#) including 3 nights in Turangi, 3 nights at Poronui and 2 nights in Taupō. This campaign delivered over 9,500 new sign-ups for our fishing database and a very happy winner from Nelson.

Alongside this campaign activity six of the Explore Central North Island (ECNI) RTO’s launched [“Get Out More NZ”](#) encouraging Kiwis to take a self-drive holiday to explore the Central north Island regions of Waikato, Bay of Plenty, Gisborne, Rotorua, Taupō and Ruapehu. This activity included a digital campaign promoting weekend and 7-day self- drive itineraries and an exhibition stand at the Hamilton Caravan and Camping Show in October.

In addition to these larger campaigns we also worked with Radio Hauraki on an [All Work, No Play Business Trip](#), [Air NZ Grab A Random](#) on a social campaign, [TVNZ breakfast](#), TV 3 and Prime TV on broadcast opportunities that went to air July – October.



As part of the Tourism Recovery fund, Tourism NZ entered the domestic market encouraging New Zealanders to explore their own back yard and to “Do Something New”. We have worked closely with Tourism NZ across a broad range of activities including media partnerships ([AA traveller](#), [Stuff](#), [NZ Herald](#)) and on a digital content drive where we matched social influencers with 18 operators to build better content and imagery.

With journalists unable to travel internationally travel publications have focused on telling NZ travel stories. We have received a significantly larger number of requests for media visits post lockdown than we normally would. This has generated some excellent coverage for the region across both print and digital media.

With borders closed our International Marketing activity is on hold other than some very limited webinar training organized by ECNI (our Explore Central North Island group or RTO’s) with the travel trade in both UK and Australia. With continued talk of an Australian ‘bubble’ we are working closely with Tourism NZ to leverage any opportunities or activity as they arise.

³ Source: MRTE’s – Oct 2020

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. Due to closed borders, we have seen a significant rise in Business Events (BE) enquiry since lock-down. This has provided an unexpected opportunity for the region and we have consequently reallocated marketing budget from our STAPP funding to this sector. In November we held a facilitated workshop with industry to gauge interest in participating in future BE activity. From this workshop we have formed a working group of interested operators to develop and implement a 12-month plan to engage with potential BE buyers. A successful funding submission to Tourism NZ resulted in an additional \$25,000 to go towards the production of collateral (video, new imagery, and sales kits), industry workshops, famils and DGLT attendance/exhibiting at key trade events throughout the year.

Destination Management:

DGLT is currently working closely with TDC, MBIE and Ngāti Tūwharetoa in conjunction with other local agencies (DOC, Enterprise Great Lake Taupo) to develop a coordinated vision and action plan outlining the tourism future for the Taupō/Tongariro district.

Through the Strategic Tourism Assets (STAPP) funding a dedicated Manager was recruited in December 2020 to manage the future development of a regional destination management plan for the next 12 months.

Industry engagement:

Our operators are the backbone of our local industry and as the face of our tourism offering, they are an important source of market intelligence. They also play a critical role in attracting visitors to the region and delivering an exceptional visitor experience once they are here. During lock down it became very apparent that the industry needed greater assistance in building their capability (especially in the digital space) if they are to effectively leverage our marketing activity. As a result, we appointed an Industry Partnerships Manager to ensure we have more regular contact with industry and to improve participation and support of our campaign activity which requires a more tactical approach in a very competitive Covid-19 environment.

The AGM was held in August, and the annual DGLT Christmas and tourism awards function was held for operators in December.

PERFORMANCE AND OTHER MEASUREMENTS

Below is a table outlining the half year measures against targets set for year end 31 December 2020.

Measures of Success –	Measures of Success/Goals	Results/Actuals
Objective 1 – Establish Great Lake Taupō as ‘THE NEXT BIG THING’		
<i>Growth in tourism expenditure</i> <i>Measured by the Monthly Regional Tourism Estimates</i>	4.8% annual growth	Total expenditure YE Oct 20: \$640M (-6%) Domestic: \$485M (+5%) International: \$155M (-29%)
Objective 2 – Sustainably manage and develop the destination as an international quality resort style destination		
<i>Visitor experience / satisfaction</i>	Net promoter score of 46 as measured via the AA Travel Monitor	For the year ended November 2020 the Taupo region recorded a Net Promoter Score of 54 NB: The AA Travel Monitor Surveys will be discontinued from Dec2020.
Objective 3 – Run an efficient and effective regional tourism organization, strongly supported by the local tourism industry		
<i>Visitation in the Taupō and Turangi i- sites</i>	200,000 visits to Taupō and Turangi i-sites	I-sites transferred to TDC on 01 July 2020
<i>Support for DGLT marketing initiatives including campaigns, website advertising and in-kind support for famils</i>	Estimated at \$80,000 of free of charge or in-kind support for marketing promotions activity.	YTD Dec 20: \$58,000 Over 40 operators participated in the Cheeky Midweek campaign – a huge increase on previous DGLT campaigns and operators contributed \$20,000 in value for our fishing acquisition prize.
<i>Industry Stakeholders are satisfied with DGLT performance as measured by Annual Visitor Industry Survey Maintaining consistency is set as the primary performance target</i>	85% Industry satisfaction score	Annual stakeholder survey scheduled for June 2021

SUMMARY OF FINANCIAL STATEMENTS

DGLT is funded by way of a grant from Taupō District Council of \$1,329,636 paid in quarterly installments. In the first 6 months DGLT has received \$664,818.

In terms of the **Statement of Comprehensive Revenue and Expense**, DGLT is currently showing an operating surplus of \$503,219. This surplus reflects a change in timing of some of our marketing activity with the greater portion of our spend planned for Quarters 3 & 4, as we seek to attract visitors over the shoulder periods.

Revenue from services provided and depreciation costs are down on the same period last year due to the transfer of the I-sites

back to Taupō District Council.

As part of the Covid-19 Tourism Recovery Fund the Strategic Tourism Asset Protection Programme saw DGLT receive \$700,000 in one off funding to support marketing, destination management and industry capability activity. This funding is a one-off payment to assist RTO's to support the industry and stimulate greater domestic visitation to offset the revenue losses caused by the closed borders and lack of international arrivals.

Statement of Comprehensive Revenue and Expense

For the half-year ended 31 December 2020

	Note	Unaudited Actual For the 6 Months to 31 December 2020 \$	Unaudited Actual For the 6 Months to 31 December 2019 \$	Audited Actual 30 June 2020 \$
Revenue				
Operating grants received	4	1,174,782	997,426	2,098,847
Revenue from services provided	3	33,566	290,342	465,347
Finance revenue	5	151	5,160	8,316
Other revenue		-	-	2,705
Total revenue		1,208,499	1,292,928	2,575,215
Expenditure				
Employee benefit expenses	6	243,226	551,178	1,174,018
Depreciation and amortisation expense	11,12	22,083	32,242	63,227
Other expenses	6	439,971	623,329	1,565,919
Total operating expenditure		705,280	1,206,749	2,803,164
Income tax (expense)/credit		-	-	7,000
Surplus from continuing operations		503,219	86,179	(220,949)
Operating surplus/(deficit)		503,219	86,179	(220,949)
Total comprehensive revenue and expenses attributable to:				
Destination Lake Taupo Trust		503,219	86,179	(220,949)
		503,219	86,179	(220,949)

Statement of Changes in Net Assets/Equity

For the half-year ended 31 December 2020

	Note	Unaudited Actual For the 6 Months to 31 December 2020 \$	Unaudited Actual For the 6 Months to 31 December 2019 \$	Audited Actual 30 June 2020 \$
Net Assets/Equity at start of the year	7	72,978	293,927	293,927
Total comprehensive revenue and expenses previously reported		414,445	86,179	(220,949)
TDC Grant to cover I-Site losses in previous financial year		88,774	103,996	-
Balance at 31 December	7	576,197	484,102	72,978

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

Statement of Financial Position
As at 31 December 2020

	Note	Unaudited Actual For the 6 Months to 31 December 2020 \$	Unaudited Actual For the 6 Months to 31 December 2019 \$	Audited Actual June 2020 \$
ASSETS				
Cash and cash equivalents	8	665,933	448,054	312,278
Other financial assets		-	250,000	-
Trade and other receivables	9	312,066	27,187	114,101
Inventories	10	-	40,750	37,245
Prepayments		24,873	21,738	23,711
Total current assets		1,002,872	787,729	487,335
Non-current assets				
Property, plant and equipment	11	20,783	96,244	86,545
Intangible assets	12	67,800	103,976	85,987
Total non-current assets		88,583	200,220	172,532
Total assets		1,091,455	987,949	659,867
LIABILITIES				
Current liabilities				
Trade and other payables	13	478,638	394,897	473,165
Employee benefit liabilities	14	36,620	96,107	112,306
Current tax liabilities		-	7,000	-
Total current liabilities		515,258	498,004	585,471
Non-current liabilities				
Employee benefit liabilities	14	-	5,843	1,418
Total non-current liabilities		-	5,843	1,418
Total liabilities		515,258	503,847	586,889
Net assets (assets minus liabilities)		576,197	484,102	72,978
EQUITY				
Equity	7	100	100	100
Accumulated funds	7	576,097	484,002	72,878
Total equity		576,197	484,102	72,978

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 2020

	Note	Unaudited Actual For the 6 Months to 31 December 2020 \$	Unaudited Actual For the 6 Months to 31 December 2019 \$	Audited Actual June 2020 \$
Cash flows from operating activities				
Receipts from customers		40,088	317,795	446,708
Receipts from Taupo District Council operating grant		664,818	997,427	2,098,847
Receipts from MBIE STAPP funding		700,000	-	-
TDC Grant to cover I-Site losses June 2019 Financial Year		-	103,996	-
Finance revenue		151	5,160	8,316
Other revenue		-	-	2,705
Payments to suppliers		(786,424)	(438,246)	(1,286,144)
Payments to employees		(320,330)	(564,671)	(1,173,735)
Net GST received / (paid)		59,509	(19,553)	(76,029)
Net cash flow from operating activities		357,812	401,908	20,668
Cash flows from investing activities				
Investments matured		-	-	250,000
Purchase and development of property, plant and equipment		(4,159)	(6,477)	(11,013)
Purchase and development of intangibles		-	-	-
Net cash flow from investing activities		(4,159)	(6,477)	238,987
Net increase (decrease) in cash held		353,653	395,431	259,655
Add cash at start of year		312,278	52,623	52,623
Cash, cash equivalents, and bank overdrafts at the end of the year	8	665,931	448,054	312,278

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 2020

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 2020. The financial statements were approved by the Board of Trustees on 17th of February 2021.

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).

They comply with NZ PBE IPSAS as appropriate for public benefit entities.

The financial statements of the Trust have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ('NZ GAAP'). They comply with Public Sector Public Benefit Entity Standards (PS PBE Standards).

The financial statements have been prepared in accordance with Tier 1 PBE accounting standards.

These financial statements comply with PBE standards.

The Trust has adopted External Reporting Board Standard A1 Accounting Standards Framework (FP Entities & PS PBEs Update) (XRB A1). XRB A1 establishes a PBE tier structure and outlines which suit of accounting standards entities in different tiers must follow. The Trust is a Tier 2 PBE.

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 Foreign currency transactions

The functional and presentation currency is New Zealand dollars. Transactions in foreign currencies are translated at the foreign exchange rate ruling on the day of the transaction.

2.3 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.

2.4 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

Revenue from the sale of goods 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.

2.5 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.

At the commencement of the lease term, finance leases are recognised as assets and liabilities in the consolidated balance sheet at the lower of the fair value of the leased item or the present value of the minimum lease payments.

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.

2.6 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

Equity is the community's interest in the Trust, and is measured as the difference between total assets and total liabilities

2.7 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 three months.

2.8 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 the balance date, which are included in non-current. After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the Statement of Comprehensive Revenue and Expense.

2.9 Trade and other receivables

Trade and other receivables are initially measured at face value, less impairment losses (note 2.13). 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.

2.10 Inventory

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost of inventories is based on the first-in, first-out principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Inventories held for use in the provision of goods and services on a commercial basis are valued at the lower of cost (using the FIFO method) and net realisable value.

2.11 Property, plant and equipment

Property, plant, and equipment consist of:

Operational assets – These include plant and equipment, and motor vehicles.

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%

2.12 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%

2.13 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.

2.14 Financial Liabilities

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

2.15 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.

2.16 Interest bearing borrowings

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

2.17 Budget figures

The budget figures are those approved by the Board in the Statement of Intent and in complying with sections 64, 66, and 67 of the Local Government Act 2002.

2.18 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 2020 \$	Unaudited Actual For the 6 Months to 31 December 2019 \$	Audited Actual 30 June 2020 \$
Revenue from significant activities			
I-Site operations	-	225,856	360,124
Other revenue	-	3,248	11,248
Marketing fees	33,566	61,238	93,975
Total Operating Revenue	33,566	290,342	465,347
Analysis of I-site Revenue			
Retail sales	-	74,754	144,342
less cost of goods sold	-	(43,849)	(81,738)
Gross margin on retail sales	-	30,905	62,604
less stock losses	-	-	(3,860)
	-	30,905	58,744
I-Site Commissions	-	89,901	152,356
I-Site Operator advertising revenue	-	54,051	51,453
Other	-	7,150	11,973
Total I-site operations revenue	-	182,007	274,526

4 Subsidies and Grants

	Actual 2020 \$	Actual 2019 \$	Actual 2020 \$
Grants			
Other government grants - MBIE STAPP funding	350,633	-	-
Operating grant from Taupo District Council	824,149	997,426	2,098,847
Total subsidies and grants	1,174,782	997,426	2,098,847

5 Finance revenue and finance costs

	Unaudited Actual For the 6 Months to 31 December 2020 \$	Unaudited Actual For the 6 Months to 31 December 2019 \$	Audited Actual 30 June 2020 \$
Finance revenue			
Interest revenue	151	5,160	8,316
Net finance costs	151	5,160	8,316

6 Operating expenditure

	Unaudited Actual For the 6 Months to 31 December 2020 \$	Unaudited Actual For the 6 Months to 31 December 2019 \$	Audited Actual 30 June 2020 \$
Employee benefit expenses			
Salaries and wages	258,147	540,103	1,196,120
Increase/(decrease) in employee entitlements/liabilities	(21,781)	(4,297)	(55,091)
Defined contribution plan employer contributions	6,860	15,372	32,989
Total employee benefit expenses	243,226	551,178	1,174,018
Depreciation by asset class:			
Plant and equipment	1,960	-	8,318
Furniture and fittings	1,936	14,055	18,733
Amortisation of intangible assets:			
Website	18,187	18,187	36,176
Total depreciation and amortisation	22,083	32,242	63,227
Audit fees for financial statements audit	9,530	10,452	18,525
Board meetings fees	20,769	18,423	39,308
Bad debts written off	965	1,040	1,040
Legal fees	2,170	575	575
Taupo District Council indirect costs	25,000	89,500	179,000
Inventory cost of goods sold	-	43,849	81,738
Inventory writeoff	-	-	3,860
Advertising	222,709	145,565	689,144
Professional services fees/legal fees	59,291	18,885	52,362
Travel & accommodation	13,141	66,899	96,792
Printing & stationery	2,430	18,927	27,275
Bank fees	160	14,842	28,052
Rental	15,090	75,636	157,159
Publicity	220	4,136	5,546
Maintenance	4,500	6,956	8,999
Conference fees	2,671	27,401	22,201
Materials and supplies	6,158	6,812	17,068
Insurance	1,291	1,220	2,451
Loss on disposal of property, plant & equipment	40	-	1,240
Staff expenses	3,003	6,439	8,453
Other expenses	50,833	65,772	125,131
Total other expenses	439,971	623,329	1,565,919

7 Net assets/equity

	Unaudited Actual For the 6 Months to 31 December 2020 \$	Unaudited Actual For the 6 Months to 31 December 2019 \$	Audited Actual 30 June 2020 \$
Trust Equity			
Accumulated funds	<u>576,097</u>	<u>483,902</u>	<u>72,878</u>
Balance at 31 December 2020	576,097	483,902	72,878
Contributed equity			
Equity	<u>100</u>	<u>100</u>	<u>100</u>
Balance at 31 December 2020	100	100	100
Total equity	576,197	484,002	72,978
Accumulated funds			
Balance at 1 July	<u>72,878</u>	293,827	293,827
TDC additional grant for I-Site losses the previous financial year	-	103,996	-
Surplus/(deficit) for the half-year	<u>503,219</u>	<u>86,179</u>	<u>(220,949)</u>
Balance 31 December	576,097	484,002	72,878

8 Cash and cash equivalents

	Unaudited Actual For the 6 Months to 31 December 2020 \$	Unaudited Actual For the 6 Months to 31 December 2019 \$	Audited Actual 30 June 2020 \$
Cash at bank and in hand	<u>238</u>	2,866	1,500
Call deposits	<u>665,695</u>	195,188	310,778
Term deposits with maturities of less than three months	-	250,000	-
Total cash and cash equivalents used in statement of cashflows	665,933	448,054	312,278

9 Trade and other receivables

	Unaudited Actual For the 6 Months to 31 December 2020 \$	Unaudited Actual For the 6 Months to 31 December 2019 \$	Audited Actual 30 June 2020 \$
Trade receivables	12,991	19,371	28,098
Provision for doubtful receivables	5,812	-	-
Net debtors	18,803	19,371	28,098
Other	266,950	7,816	181
GST refund	26,313	-	85,822
	293,263	7,816	86,003
Total current net trade and other receivables	312,066	27,187	114,101
Total debtors and other receivables from exchange transactions	12,991	19,371	28,098
Total current net trade and other receivables from non-exchange transactions	299,075	7,816	86,003
Total current net trade and other receivables	312,066	27,187	114,101

The status of receivables as at 31 December 2020 are detailed below:

	Unaudited Actual For the 6 Months to 31 December 2020 \$	Unaudited Actual For the 6 Months to 31 December 2019 \$	Audited actual 2020 \$
Current	3,220	44,477	717
Past due 1-30 days	6,425	6,838	11,177
Past due 31-60 days	-	225	-
Past due 61+ days	9,158	5,193	16,204
Impairment	(5,812)	-	-
Total individual impairment	12,991	56,733	28,098

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

10 Inventories

	Unaudited Actual For the 6 Months to 31 December 2020 \$	Unaudited Actual For the 6 Months to 31 December 2019 \$	Audited Actual 30 June 2020 \$
<i>Commercial inventories</i>			
- held for use in the provision of services	-	40,750	37,245
Total inventory	-	40,750	37,245

No inventories are pledged as security for liabilities (June 2020 \$nil).

11 Property, plant and equipment

December 2020	Cost 1 Jul 2020 \$	Accumulated depreciation 1 Jul 2020 \$	Carrying amount 1 Jul 2020 \$	Current year additions (+ gains) \$	Current year disposals (+ losses) \$	Current year impairment charges \$	Current year depreciation \$	Cost 31 Dec 2020 \$	Accumulated depreciation 31 Dec 2020 \$	Carrying amount 31 Dec 2020 \$
Operating assets at cost										
Office furniture and fittings	130,847	(56,513)	74,334	-	(62,725)	-	(1,935)	26,663	(16,989)	9,674
Plant and equipment	63,582	(51,371)	12,211	4,159	(3,299)	-	(1,962)	49,083	(37,974)	11,109
Total DGLT 31 December 2019	194,429	(107,884)	86,545	4,159	(66,024)	-	(3,897)	75,746	(54,963)	20,783
December 2019	Cost 1 Jul 2019 \$	Accumulated depreciation 1 Jul 2019 \$	Carrying amount 1 Jul 2019 \$	Current year additions (+ gains) \$	Current year disposals (+ losses) \$	Current year impairment charges \$	Current year depreciation \$	Cost / revaluation 31 Dec 2019 \$	Accumulated depreciation 31 Dec 2019 \$	Carrying amount 31 Dec 2019 \$
Operating assets at cost										
Office furniture and fittings	125,690	(37,780)	87,910	5,157	-	-	(9,431)	130,847	(47,211)	83,636
Plant and equipment	62,614	(46,701)	15,913	1,319	-	-	(4,624)	63,933	(51,325)	12,608
Motor Vehicles	-	-	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-	-	-
Total DGLT 31 December 2019	188,304	(84,481)	103,823	6,476	-	-	(14,055)	194,780	(98,536)	96,244
June 2020	Cost 1 Jul 2020 \$	Accumulated depreciation 1 Jul 2020 \$	Carrying amount 1 Jul 2020 \$	Current year additions (+ gains) \$	Current year disposals (+ losses) \$	Current year impairment charges \$	Current year depreciation \$	Cost / revaluation 30 June 2020 \$	Accumulated depreciation 30 June 2020 \$	Carrying amount 30 June 2020 \$
Operating assets At cost & valuation										
Office furniture and fittings	125,690	(37,780)	87,910	5,157	-	-	(18,733)	130,847	(56,513)	74,334
Plant and equipment	62,614	(46,701)	15,913	5,854	(1,238)	-	(8,318)	63,582	(51,371)	12,211
Motor vehicles	-	-	-	-	-	-	-	-	-	-
Total DGLT 30 June 2019	188,304	(84,481)	103,823	11,011	(1,238)	-	(27,051)	194,429	(107,884)	86,545

There is no provision for impairment this year (2020 \$nil)

12 Intangible assets

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

	Website \$	Total \$
At 1 July 2019		
Cost	144,308	144,308
Accumulated amortisation and impairment	(22,146)	(22,146)
Net book amount	<u>122,162</u>	<u>122,162</u>
Half-year ended Actual 2019		
Half-year ended Actual 2019	122,163	122,163
Amortisation charge **	(18,187)	(18,187)
Closing net book amount	<u>103,976</u>	<u>103,976</u>
At Actual 2019		
Cost	144,309	144,309
Accumulated amortisation and impairment	(40,333)	(40,333)
Net book amount	<u>103,976</u>	<u>103,976</u>
Half-year ended 31 December 2020		
Opening net book amount	85,987	85,987
Amortisation charge **	(18,187)	(18,187)
Closing net book amount	<u>67,800</u>	<u>67,800</u>
At 31 December 2020		
Cost	144,308	144,308
Accumulated amortisation and impairment	(76,508)	(76,508)
Net book amount	<u>67,800</u>	<u>67,800</u>

** Amortisation of \$18,187 (2020: \$36,374) is included in depreciation and amortisation expense in the statement of comprehensive income.

13 Trade and other payables

	Unaudited Actual For the 6 Months to 31 December 2020 \$	Unaudited Actual For the 6 Months to 31 December 2019 \$	Audited Actual 30 June 2020 \$
Trade payables	86,569	152,070	372,223
Accrued expenses	42,516	226,467	91,962
Provision for ACC	186	706	1,973
Revenue in advance	349,367	-	7,007
GST payable	-	15,654	-
Total creditors and other payables	478,638	394,897	473,165
Total creditors and other payables from exchange transactions	129,085	378,517	464,185
Total creditors and other payables from non-exchange transactions	349,553	16,380	8,980
Total current creditors and other payables from exchange and non-exchange transactions	478,638	394,897	473,165

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.

14 Employee benefit liabilities

	Unaudited Actual For the 6 Months to 31 December 2020 \$	Unaudited Actual For the 6 Months to 31 December 2019 \$	Audited Actual 30 June 2020 \$
Current portion			
Accrued pay	13,089	-	5,745
Annual leave	23,265	90,182	44,771
Long service leave	-	-	61,248
Long service leave & lieu days	266	5,925	542
Total current portion	36,620	96,107	112,306
Non-current portion			
Long service leave actuarial accrual	-	5,843	1,418
Total non-current portion	-	5,843	1,418
Total employee entitlements	36,620	101,950	113,724

The present value of retirement gratuities and long service leave obligations depend on a number of factors that are determined on an actuarial basis. Two key assumptions used in calculating this liability include the discount rate and the salary inflation figure. Any changes in these assumptions will affect the carrying amount of the liability.

A discount factor of 2.12% (June 2020 2.12%) and an inflation factor of 2% (June 2020%) were used.

15 Related party transactions

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

Key management personnel

	Unaudited Actual For the 6 Months to 31 December 2020 \$	Unaudited Actual For the 6 Months to 31 December 2019 \$	Audited Actual 2020 \$
<i>Councillors</i>			
Remuneration (Trustees)	20,769	18,423	39,308
Full-time equivalent members	6	6	6
<i>Senior Management</i>			
Remuneration (GM & SMT)		217,985	420,755
Full-time equivalent members	2	4	4
Total key management personnel compensation	20,769	236,408	460,063
Total full-time equivalent personnel	8	10	10

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 of senior management their remuneration has not been disclosed for privacy reasons.

16 Capital & operational commitments and operating leases

Non-cancellable operating leases as lessee:

The Destination Lake Taupo Trust leases property, plant and equipment in the normal course of its business. The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:

	Unaudited Actual For the 6 Months to 31 December 2020 \$	Unaudited Actual For the 6 Months to 31 December 2019 \$	Audited Actual 30 June 2020 \$
Payable no later than one year	-	18,000	-
Total non-cancellable operating leases	-	18,000	-

31 December 2019 relates to one year's rental for Turangi I-Site

17 Events after balance date

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