



**BOPLASS Ltd**

**"COUNCILS PARTNERING FOR VALUE AND SERVICE"**

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# **ANNUAL REPORT**

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**For the year ended  
30 June 2014**



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BOPLASS Ltd

## PART ONE – OUR YEAR



## ***BOPLASS Chairman's Report***

2013/14 has involved a period of change and development for BOPLASS, with the Board completing organisational reviews of both BOPLASS strategy and governance to ensure the company continues to deliver maximum value to our shareholding councils.

BOPLASS is now more procurement focussed and continues to build on previous collaborative successes and the opportunity to aggregate councils' volumes to leverage improved discounts and pricing for all constituent councils. BOPLASS has proven success with joint procurement and has delivered significant value to the shareholding councils. The Board has recognised the opportunity to further develop this and to provide additional savings to the councils across a wider scope of procurement categories.

In the last year BOPLASS has remained involved in the development of shared services projects, but with a new requirement for participating councils to take the lead in project implementation. In our Half-Yearly Report the Board advised that this change to the approach and management of shared services projects will result in the 2013-14 shared services performance target no longer being applicable or achieved.

Further gains have been made with the BOPLASS insurance contract this year with a review of councils' infrastructure insurance and an investigation into alternative arrangements. Councils have benefitted from a substantial reduction in insurance premiums and lower excesses through the changes implemented with this initiative.

A procurement process for councils' telephony requirements has resulted in the reappointment of the supplier to the participating councils and additional annual savings of approximately \$750,000 across the group. Several existing contracts have been retendered or renegotiated this year. A review of the postal services agreement resulted in an extension of discount levels for the councils and further service level benefits. Media Monitoring services are now being provided to the councils through a shared portal, providing a common platform and discounted pricing.

The development of the Inter Council Network (ICN) - previously known as Council Regional Network Platform (CRNP) - and GIS services has continued with the lead for these projects now provided by the participating councils. The councils continue to benefit from joint procurement savings associated with these shared services projects.

## ***BOPLASS Chairman's Report Continued***

There have been two changes around the governance table in 2013/14, with Geoff Williams joining the Board from Rotorua District Council and Glenn Snelgrove retiring as Western BOP Chief Executive and BOPLASS director. On behalf of the Board I wish to acknowledge the significant contribution Glenn Snelgrove made to the company during his tenure and thank him for the assistance he has provided to BOPLASS.

BOPLASS has performed well over the last year and continues to be a significant success. It has delivered considerable value to shareholders for a modest investment and the new BOPLASS strategies ensure continued development in delivering further value to all participating councils.

The company remains reliant on the support and engagement of individuals from the participating councils and the Board acknowledges and thanks all of the various staff involved.



**Russell George**  
**Chairman**



Nature of Business	Shared Service Provider
Registered Office	91 Willow Street, Tauranga 3110
Incorporation Number	2074873
Incorporation Date	14 January 2008
IRD Number	98-965-361
Directors	Mary-Anne Macleod Glenn Snelgrove Geoffrey Williams Rob Williams Russell George Aileen Lawrie Martin Grenfell Judy Campbell Garry Poole
Shareholders	Bay of Plenty Regional Council Western Bay of Plenty District Council Rotorua District Council Taupo District Council Kawerau District Council Opotiki District Council Whakatane District Council Gisborne District Council Tauranga City Council
Auditor	Audit New Zealand
Bankers	ANZ Bank
Solicitors	Cooney Lees and Morgan



## Statement of Intent and Performance

The company has complied with section 64 of the Local Government Act 2002 (LGA) and has had the Statement of Intent for 2014/15 and associated budget formally adopted by the Directors at the meeting held on 13 June 2014.

### Performance Targets

To ensure the company continues to operate effectively in both governance and management terms over the next three years the targets are to:

Target	How	Measure
Investigate new Joint Procurement initiatives for goods and services for BOPLASS councils.	Procure from sources offering best value, service, continuity of supply and/or continued opportunities for integration. (Current identified projects listed in 2014/15 SOI.)	A minimum of four new procurement initiatives investigated. Initiatives provide financial savings and/or improved service levels to the participating councils.
Provide support to BOPLASS councils that are managing or investigating Shared Services projects.	BOPLASS to provide resource and expertise to assist councils in shared services developments and projects.	0.25 FTE assigned to directly developing councils' shared service opportunities.
Develop a Collaboration Portal for access to, and sharing of, project information from BOPLASS councils and the greater Local Government community.	Build and establish an electronic portal utilising technology to provide secure access for all BOPLASS councils.	Shared portal providing upload and download capabilities to all participating BOPLASS councils is operational within 12 months.
Manage and/or renegotiate existing contracts.	Ensure appointed vendors remain competitive and continued best value is returned to shareholders.	Contracts due for renewal are tested for competitiveness in the marketplace. New suppliers are awarded contracts through a competitive procurement process involving two or more vendors.
Perform self-assessment reviews of governance.	Review governance performance and structure to ensure it supports BOPLASS' strategic direction.	Affirmative feedback received from shareholding councils at least annually.
Communicate with each shareholding council at appropriate levels.	Meeting with each Executive Leadership Team.	At least one meeting per year.
Ensure current funding model is appropriate.	Review BOPLASS expenditure and income and review council contributions and other sources of funding.	Performance against budgets reviewed quarterly. Company remains financially viable.

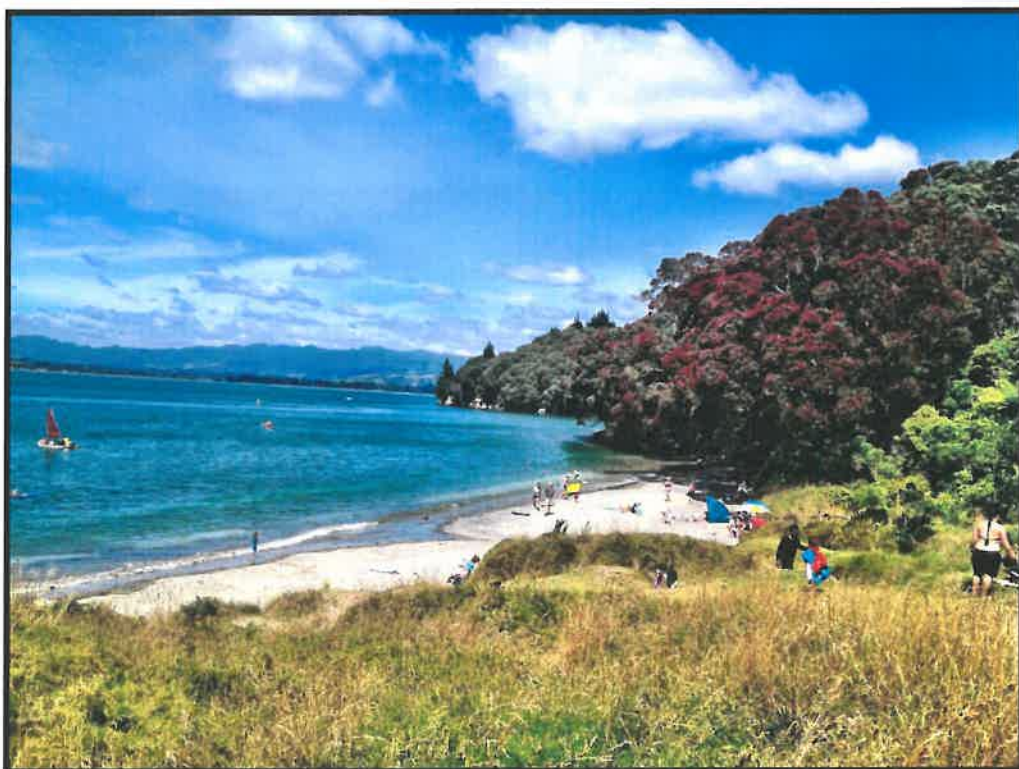
## Statement of Intent and Performance continued

The following is a report of performance against targets set in the Statement of Intent for 2013/14.

Target	Result	Narration
Successfully implement two of the Identified Shared Service projects (Listed in Appendix A of 2013-14 SOI) within a 12 month period.	Not achieved	Inter-council network security standards and protocols developed and established. Development of shared IT hosting infrastructure completed within external datacentre. Following a strategic review in late 2013, the BOPLASS Board advised in the 2014 Half Yearly Report that BOPLASS strategy had been reset and the shared services target for 2013/14 would not be applicable or achieved.
Investigate a minimum of four Joint Procurement or Shared Services initiatives per year for goods and services from sources offering best value, service, continuity of supply and/or continued opportunities for integration (Current identified projects are listed in Appendix A).	Achieved	Infrastructure insurance options investigated and new contracts established for participating councils. Joint Media Monitoring contract implemented and shared portal developed. Radio telephony procurement and regional strategy initiated. Travel and accommodation services procurement initiated. Document back scanning services investigated and establishment of a BOPLASS service evaluated. High volume print and mail services procurement initiated. Additional GIS software joint procurement opportunities investigated. Antivirus alternatives investigated. Agenda Management software provider appointed. Database monitoring procurement investigated. Aerial drones procurement and capabilities under investigation. Shared licence management server developed to support joint procurement of current and future software licences.
Manage and/or renegotiate existing contracts ensuring appointed vendors remain competitive and continued best value is returned to shareholders.	Achieved	Telecommunications contract tendered with further discounts negotiated. Postal services contract renegotiated. ESRI contract renegotiated and renewed. Further N3 contract discounts negotiated. New aerial photography contract investigated. Fuel contract reviewed and alternative proposed to councils. Improved pricing and standardisation through an enterprise Objective document management contract investigated. Video conference services renewal options investigated.
Perform self assessment reviews of governance.	Achieved	Strategic reviews and facilitated workshops completed by the Board.
Communicate with each shareholding council at appropriate levels with at least one meeting with each Leadership Team per year.	Achieved	Meetings held with councils.
Ensure sufficient income is available from activities to sustain a viable company.	Achieved	Council contributions levied, activity groups levied, contributions received from activities producing savings. Non-voting shares issued to improve equity ratios.





## **PART TWO – ACCOUNTABILITY STATEMENT**



**Building Blocks**

BOPLASS Ltd has been built on a number of principles and activities and these are the building blocks of our success.

You will find examples scattered through the document.



## Statement of Responsibility

In the opinion of the Directors of BOPLASS Ltd, the financial statements and notes on pages 13 to 44:

- comply with New Zealand generally accepted accounting practice and give a true and fair view of the financial position of the company as at 30 June 2014 and the results of operations for the twelve months ended on that date, and
- have been prepared using the appropriate accounting policies, which have been consistently applied and supported by reasonable judgments and estimates.

The Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the company and facilitate compliance of the financial statements with the Financial Reporting Act 1993.

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

The Directors are pleased to present the financial statements of BOPLASS Ltd for the twelve months ended 30 June 2014.

For and on behalf of the Board of Directors:

Signed: \_\_\_\_\_ Chair

Date: 5/9/14

Signed: \_\_\_\_\_ Director

Date: 5/9/14

## **Independent Auditor's Report**

### **To the readers of Bay of Plenty Local Authority Shared Services Limited's financial statements and statement of service performance for the year ended 30 June 2014**

The Auditor-General is the auditor of Bay of Plenty Local Authority Shared Services Limited (the company). The Auditor-General has appointed me, B H Halford, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and statement of service performance of the company on her behalf.

We have audited:

- the financial statements of the company on pages 13 to 42, that comprise the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of service performance of the company on pages 7.

### **Opinion**

#### **Financial statements and statement of service performance**

In our opinion:

- the financial statements of the company on pages 13 to 42:
  - comply with generally accepted accounting practice in New Zealand; and
  - give a true and fair view of the company's:
    - financial position as at 30 June 2014; and
    - financial performance and cash flows for the year ended on that date; and
- the statement of service performance of the company on pages 7:
  - complies with generally accepted accounting practice in New Zealand; and
  - gives a true and fair view of the company's service performance achievements measured against the performance targets adopted for the year ended 30 June 2014.

## **Other legal requirements**

In accordance with the Financial Reporting Act 1993 we report that, in our opinion, proper accounting records have been kept by the company as far as appears from an examination of those records.

Our audit was completed on 5 September 2014. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities, and explain our independence.

## **Basis of opinion**

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and statement of service performance are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and statement of service performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and statement of service performance. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and statement of service performance whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the company's financial statements and statement of service performance that give a true and fair view of the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board of Directors;
- the adequacy of all disclosures in the financial statements and statement of service performance; and
- the overall presentation of the financial statements and statement of service performance.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of service performance.

In accordance with the Financial Reporting Act 1993, we report that we have obtained all the information and explanations we have required. We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

### **Responsibilities of the Board of Directors**

The Board of Directors is responsible for preparing financial statements and a statement of service performance that:

- comply with generally accepted accounting practice in New Zealand;
- give a true and fair view of the company's financial position, financial performance and cash flows; and
- give a true and fair view of its service performance.

The Board of Directors is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements and a statement of service performance that are free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for the publication of the financial statements and statement of service performance, whether in printed or electronic form.

The Board of Directors' responsibilities arise from the Local Government Act 2002 and the Financial Reporting Act 1993.

### **Responsibilities of the Auditor**

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and section 69 of the Local Government Act 2002.

### **Independence**

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

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



B H Halford  
Audit New Zealand  
On behalf of the Auditor-General  
Tauranga, New Zealand



# Financial Statements – Statement of Financial Position

STATEMENT OF FINANCIAL POSITION - AS AT 30 JUNE 2014			
BOP LASS LTD	Notes	BOP LASS Ltd	
		2013/14 Actual	2012/13 Actual
<b>ASSETS - CURRENT</b>			
Cash and Cash Equivalents	9	866,477	837,887
Debtors and Other Receivables	10	316,121	55,525
Prepayments	11	6,568	45,592
<b>Total Current Assets</b>		<b>1,189,166</b>	<b>939,004</b>
<b>ASSETS - NON-CURRENT</b>			
Intangible Assets	12	25	61
Plant and Equipment	13	326	608
Prepayments	11	0	0
<b>Total Non-Current Assets</b>		<b>351</b>	<b>669</b>
<b>TOTAL ASSETS</b>		<b>1,189,517</b>	<b>939,673</b>
<b>LIABILITIES - CURRENT</b>			
Creditors and Other Payables	14	81,209	189,244
Employee Benefit Liabilities	15	15,471	9,629
Income in Advance	16	798,643	450,886
Borrowings	17	237,550	325,365
<b>Total Current Liabilities</b>		<b>1,132,873</b>	<b>975,124</b>
<b>TOTAL LIABILITIES</b>		<b>1,132,873</b>	<b>975,124</b>
<b>NET ASSETS</b>		<b>56,644</b>	<b>(35,451)</b>
<b>EQUITY</b>			
Retained Earnings	18	(42,358)	(44,451)
Share Capital	18	99,002	9,000
<b>TOTAL EQUITY</b>		<b>56,644</b>	<b>(35,451)</b>

The notes and Statement of Accounting Policies form part of these financial statements.

Signed: \_\_\_\_\_ Chair

Date: 5/9/14

Signed: \_\_\_\_\_ Director


Date: 5/9/14



## Financial Statements – Statement of Comprehensive Income


STATEMENT OF COMPREHENSIVE INCOME - FOR THE YEAR ENDED 30 JUNE 2014				
BOP LASS LTD	Notes	BOP LASS Ltd		
		2013/14 Actual	2013/14 Budget	2012/13 Actual
<b>OPERATING REVENUE</b>				
Other Revenue	2	1,483,926	1,527,722	1,868,209
Finance Income	3	19,701	30,000	20,564
<b>Total Operating Revenue</b>		<b>1,503,627</b>	<b>1,557,722</b>	<b>1,888,773</b>
<b>OPERATING EXPENDITURE</b>				
Depreciation and Amortisation	4	318	1,050	624
Personnel Costs	5	306,962	424,000	200,996
Finance Cost	6	31,962	16,250	15,163
Other Expenses	7	1,162,292	1,116,422	1,633,234
<b>Total Operating Expenditure</b>		<b>1,501,534</b>	<b>1,557,722</b>	<b>1,850,017</b>
<b>Operational Surplus/(Deficit) before Other Revenue and Other Gains/(Losses)</b>		<b>2,093</b>	<b>0</b>	<b>38,756</b>
<b>OTHER REVENUE AND OTHER GAINS/(LOSSES)</b>				
Other Capital Expenditure Contributions		0	0	0
<b>Operational Surplus/(Deficit) after Other Revenue and Other Gains/(Losses)</b>		<b>2,093</b>	<b>0</b>	<b>38,756</b>
<b>Surplus/(Deficit) before Tax</b>		<b>2,093</b>	<b>0</b>	<b>38,756</b>
Income Tax Expense/(Benefit)	8	0	0	0
<b>Surplus/(Deficit) after Tax</b>		<b>2,093</b>	<b>0</b>	<b>38,756</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
Other Comprehensive Income		0	0	0
Taxation on Other Comprehensive Income		0	0	0
<b>Other Comprehensive Income Net of Taxation</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>2,093</b>	<b>0</b>	<b>38,756</b>

The notes and Statement of Accounting Policies form part of these financial statements.  
 Explanations of major variances against budget are provided in note 24.



### Advisory Groups

Manage activities and are comprised of council representatives, providing expertise and accountability.





## Financial Statements – Statement of Changes in Equity

STATEMENT OF CHANGES IN EQUITY - FOR THE YEAR ENDED 30 JUNE 2014			
BOP LASS LTD	Notes	BOP LASS Ltd	
		2013/14 Actual	2012/13 Actual
<b>EQUITY AT START OF THE YEAR</b>		<b>(35,451)</b>	<b>(74,207)</b>
Total Comprehensive Income		2,093	38,756
Capital Contribution		90,002	0
<b>EQUITY AT END OF THE YEAR</b>		<b>56,644</b>	<b>(35,451)</b>

The notes and Statement of Accounting Policies form part of these financial statements.

### GIS Licencing



All councils now use ESRI GIS Software enhancing collaborative capability while saving money through joint procurement.



## Financial Statements – Statement of Cashflows

STATEMENT OF CASHFLOWS - FOR THE YEAR ENDED 30 JUNE 2014			
BOP LASS LTD	Notes	BOP LASS Ltd	
		2013/14 Actual	2012/13 Actual
<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Revenue		1,566,335	1,680,828
Interest Received		19,701	20,564
Tax Paid - RWT (net)		4,751	13,972
Goods and Services Tax (net)		30,034	16,537
<b>Total Operating Cash Provided</b>		<b>1,620,820</b>	<b>1,731,901</b>
Payments to Employees		(301,121)	(195,785)
Payments to Suppliers		(1,261,333)	(1,669,443)
Interest Paid		(31,962)	(15,163)
<b>Total Operating Cash Applied</b>		<b>(1,594,417)</b>	<b>(1,880,391)</b>
<b>NET CASHFLOWS FROM OPERATING ACTIVITIES</b>	19	<b>26,403</b>	<b>(148,490)</b>
<b>CASHFLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of Investments		0	0
Purchase of Plant and Equipment		0	0
Purchase of Intangibles		0	0
<b>Total Investing Cash Applied</b>		<b>0</b>	<b>0</b>
<b>NET CASHFLOWS FROM INVESTING ACTIVITIES</b>		<b>0</b>	<b>0</b>
<b>CASHFLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from Borrowings		725,400	269,000
Share Issue		90,002	0
Repayment of Borrowings		(813,215)	(239,848)
<b>NET CASHFLOWS FROM FINANCING ACTIVITIES</b>		<b>2,187</b>	<b>29,152</b>
<b>NET INCREASE/(DECREASE) IN CASH</b>		<b>28,590</b>	<b>(119,338)</b>
<b>CASH AT BEGINNING OF THE YEAR</b>		<b>837,887</b>	<b>957,225</b>
<b>CASH AT END OF THE YEAR</b>	9	<b>866,477</b>	<b>837,887</b>

The GST component of operating activities reflects the net GST paid and received to and from the Inland Revenue Department. The GST component has been prepared on a net basis, as the gross amounts do not provide meaningful information for financial purposes.

The notes and Statement of Accounting Policies form part of these financial statements.

## **Statement of Accounting Policies**

### **Note 1: Statement of Accounting Policies – for the year ended 30 June 2014**

#### **REPORTING ENTITY**

BOPLASS Limited ('the Company') is a company incorporated and domiciled in New Zealand.

The Company is based in Tauranga, and is a joint venture between nine Councils formed to provide shared services. BOPLASS stands for Bay of Plenty Local Authority Shared Services.

The financial statements of the Company are for the twelve months ended 30 June 2014. The financial statements were authorised for issue by the Directors on 5 September 2014.

#### **BASIS OF PREPARATION**

##### **Statement of compliance**

The financial statements have been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with Generally Accepted Accounting Practice (NZ GAAP).

These financial statements comply with the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards as appropriate to public benefit entities. The Company is a public benefit entity that qualifies for and applies differential reporting concessions on the basis that it is not large and not publically accountable. The Company is also a reporting entity for the purposes of the Financial Reporting Act 1993 and its financial statements comply with that Act.

Due to the change in the Accounting Standards Framework for Public Benefit Entities, all new NZ IFRS and amendments to existing NZ IFRS will not be applicable to public benefit entities. Therefore, the XRB has effectively frozen the financial reporting requirements for public benefit entities up until the new Accounting Standard Framework is effective. Accordingly, no disclosure had been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

As part of the transition to the new Accounting Standards framework, the existing NZ IFRS suite of standards has been divided into three separate suites:

- o NZ IFRS - standards apply to Tier 1 and Tier 2 for profit entities
- o NZ IFRS Diff Rep – standards apply to Tier 3 for profit entities
- o NZ IFRS PBE – standards apply to Public Benefit Entities (PBE's)

The division of NZ IFRS into three separate suites is effective for periods beginning on or after 1 January 2012. Therefore BOPLASS Ltd has applied the NZ IFRS Diff Rep suite of standards to their June 2014 financial statements. However this has not resulted in any changes to accounting policies for BOPLASS as the NZ IFRS (PBE) standards are essentially the same standards that are already being used by Public Benefit Entities, the only difference is the inclusion of PBE in the title of each standard.

Standards where the Company has not taken advantage of differential reporting concessions and has applied the standards obligatory for non-qualifying entities are:

NZ IAS 7 Statement of Cash Flow: The Company has provided a Statement of Cash Flow for the reporting period.

NZ IAS 38 Intangible Assets: The Company has provided a reconciliation of the carrying amount at the beginning and end of the period.

### **Measurement base**

The financial statements have been prepared on an historical cost basis.

### **Functional and presentational currency**

The financial statements are presented in New Zealand dollars (\$) and all values are rounded to the nearest dollar. The functional currency of BOPLASS Ltd is New Zealand dollars.

### **Accounting policies**

The accounting policies set out below have been applied for the twelve months ended 30 June 2014.

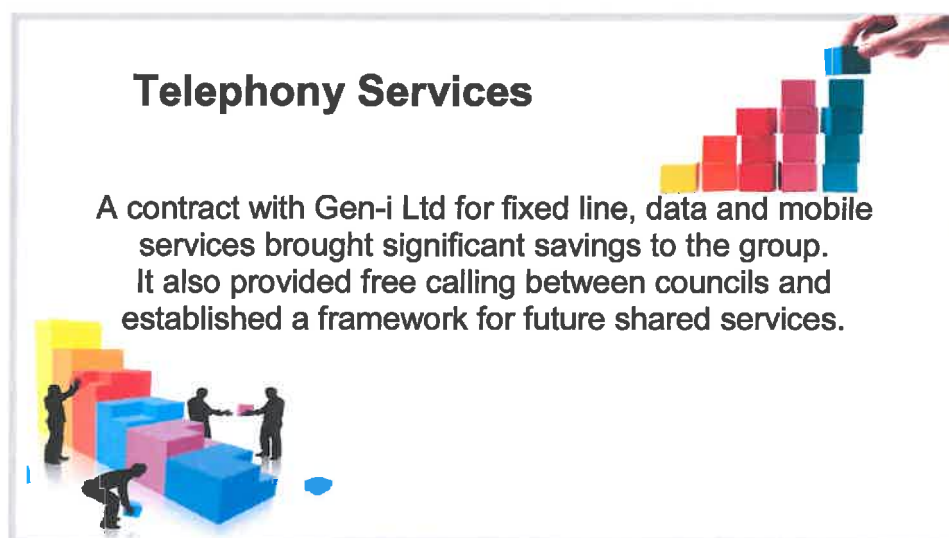
## **SIGNIFICANT ACCOUNTING POLICIES**

### **REVENUE RECOGNITION**

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

Contributions received from the nine shareholder councils are BOPLASS Ltd's primary source of funding for the twelve months ended 30 June 2014.

Council contributions are recognised as revenue when they become receivable unless there is an obligation to return the funds if conditions of the contributions are not met. No such obligation is attached to the council contributions received for the twelve months ended 30 June 2014.



### **PLANT AND EQUIPMENT**

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

#### *Depreciation*

All assets are depreciated over their expected useful lives. Depreciation is provided on a diminishing value basis over the estimated useful life, at the same rate as is allowed by the Income Tax Act 1994.

The useful lives for associated depreciation rates of other assets have been estimated using the diminishing value basis as follows:



Office Equipment	5 years	40%
Computer Equipment	4 years	50%

## **INTANGIBLE ASSETS**

### *Software acquisitions*

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

### *Amortisation*

The carrying value of an intangible asset with a finite life is amortised on a diminishing value basis over its estimated useful life, at the same rate as is allowed by the Income Tax Act 1994.

Amortisation begins when the asset is available for use and ceases at the date the asset is de-recognised. The amortisation charge for each period is recognised in the Statement of Comprehensive Income.

The useful lives for associated amortisation rates of major classes of intangible assets have been estimated using the diminishing value basis as follows:

Computer Software	4 years	60%
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## **IMPAIRMENT**

Intangible assets that have a finite useful life are reviewed for indicators of impairment at each balance date. When there is an indicator of impairment the asset's recoverable amount is estimated. 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. The total impairment cost is recognised in the Statement of Comprehensive Income.

A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest method.



## **CASH AND CASH EQUIVALENTS**

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

Bank overdrafts are shown within borrowing as a current liability in the Statement of Financial Position.

## **LEASES**

### *Operating Leases*

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

Lease payments under an operating lease are recognised as expenses in the Statement of Comprehensive Income on a straight line basis over the lease term.

## **CREDITORS AND OTHER PAYABLES**

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method.

## **DEBTORS AND OTHER RECEIVABLES**

Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

## **EMPLOYEE BENEFITS**

### *Short-term benefits*

Employee benefits that the Company expects to be settled within twelve months of balance date are measured at nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within twelve months.

### *Superannuation schemes*

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the Statement of Comprehensive Income.

## **INTEREST BEARING LOANS AND BORROWINGS**

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowing are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of loans and borrowings.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

### *Borrowing costs*

Borrowing costs are recognised as an expense when incurred.

## **TAXATION**

Tax expense is calculated using the taxes payable method. As a result, no allowance is made for deferred tax. Tax expense includes the current tax liability and adjustments to prior year tax liabilities.

## **GOODS AND SERVICES (GST)**

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position. The net GST paid to, or received from the IRD, including GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

## **EQUITY**

Equity is measured by the value of total assets less total liabilities.



## **SOPHOS Antivirus Software**



Sophos antivirus software has resulted in significant savings improving security of councils systems.

## Notes to Financial Statements

### Note 2: Other Revenue

	Notes	BOP LASS Ltd		
		2013/14 Actual	2013/14 Budget	2012/13 Actual
<b>Core Revenue</b>				
Council Contribution	*	273,511	273,510	54,710
Other Interest	**	16	0	0
		<b>273,527</b>	<b>273,510</b>	<b>54,710</b>
<b>Project Revenue</b>				
Activity Group Fees	*	63,000	80,000	79,000
Aerial Photography Revenue	**	146,477	100,000	681,370
Lease Revenue - Canon Video Conferencing	***	21,394	23,787	23,339
Lease Revenue - ICN		279,579	172,232	226,063
Recoveries	****	685,385	80,000	573,938
Sales of Service	*****	14,564	798,193	229,790
		<b>1,210,399</b>	<b>1,254,212</b>	<b>1,813,500</b>
<b>TOTAL OTHER REVENUE</b>		<b>1,483,926</b>	<b>1,527,722</b>	<b>1,868,210</b>

\* Annually councils make a contribution towards the operating costs for BOPLASS Ltd.

\*\* Interest received from Inland revenue.

\* Activity group fees is an annual fee charged to councils based according to the council size to manage and co-ordinate different projects.

\*\* Aerial Photography Revenue is offset by Aerial Photography expenditure paid by BOPLASS Ltd on behalf of the councils. Refer to note 7.

\*\*\* Lease Revenue is offset by lease expenditure refer to note 20.

\*\*\*\* Recovery Revenue is offset by recovery expenditure refer to note 7. This is the recovery of BOPLASS project or procurement costs incurred on behalf of the participating councils.

\*\*\*\*\* Sales of Service revenue various rebates on projects.

### Note 3: Financial Income

	Notes	BOP LASS Ltd		
		2013/14 Actual	2013/14 Budget	2012/13 Actual
<b>Core Revenue</b>				
Interest Revenue - Current account	*	3,409	0	862
<b>Project Revenue</b>				
Interest Revenue - Aerial Trust account	*	16,292	30,000	19,702
<b>TOTAL FINANCE INCOME</b>		<b>19,701</b>	<b>30,000</b>	<b>20,564</b>

\* Bank interest on BOPLASS Ltd current account and Aerial Photography Trust account.

## Note 4: Depreciation and Amortisation Expense

	Notes	BOP LASS Ltd		
		2013/14 Actual	2013/14 Budget	2012/13 Actual
<b>Core Expenditure</b>				
Intangibles	*	36	250	90
Plant and Equipment	**	282	800	534
<b>TOTAL DEPRECIATION AND AMORTISATION EXPENSE</b>		<b>318</b>	<b>1,050</b>	<b>624</b>

\* Intangibles refer to note 12.

\*\* Plant and Equipment refer to note 13.

## Note 5: Personnel Cost

	Notes	BOP LASS Ltd		
		2013/14 Actual	2013/14 Budget	2012/13 Actual
<b>Core Expenditure</b>				
Salary and Wages		274,139	396,000	174,616
Superannuation	*	4,266	0	3,170
Direct Personnel Overheads	**	28,557	28,000	23,210
<b>TOTAL PERSONNEL COST</b>		<b>306,962</b>	<b>424,000</b>	<b>200,996</b>

\* Superannuation includes employer contributions to Kiwisaver.

\*\* Direct Personnel Overheads include ACC, fringe benefit tax, staff training costs and other staff support costs.

## Note 6: Finance Cost

	Notes	BOP LASS Ltd		
		2013/14 Actual	2013/14 Budget	2012/13 Actual
<b>Core Expenditure</b>				
Interest on Borrowings	*	31,962	16,250	15,163
<b>TOTAL FINANCE COST</b>		<b>31,962</b>	<b>16,250</b>	<b>15,163</b>

\* Interest on Tauranga City Council loan refer to note 17.



## Note 7: Other Expenses

	Notes	BOP LASS Ltd		
		2013/14 Actual	2013/14 Budget	2012/13 Actual
<b>Core Expenditure</b>				
Audit Fees	*	15,504	14,000	14,750
Administration Expenses	**	34,762	21,300	22,080
Consultancy	***	75,860	9,000	26,044
Insurance		6,434	8,000	6,400
Penalty write off		1,799	0	0
		<b>134,359</b>	<b>52,300</b>	<b>69,274</b>
<b>Project Expenditure</b>				
Aerial Photography	*	146,477	100,000	671,370
Aerial Photography Copyright		0	0	8,438
Lease Expenses - Canon	**	16,466	17,962	17,963
Lease Expenses - ICN	**	142,548	168,000	150,421
Other Operating Expenditure - ICN	***	149,750	8,000	58,668
Recoveries	****	572,692	80,000	547,177
Service Costs		0	690,160	109,923
		<b>1,027,933</b>	<b>1,064,122</b>	<b>1,563,960</b>
<b>TOTAL OTHER EXPENSES</b>		<b>1,162,292</b>	<b>1,116,422</b>	<b>1,633,234</b>

\* Audit Fees of \$15,504 has been accrued for the 2013/14 year for BOPLASS Ltd.

\*\* Administration expenses includes such things as accommodation & travel, administration, bank fees, catering, conferences, postage & stationery and subscription costs.

\*\*\* Consultancy expenses for BOPLASS strategy.

\* BOPLASS Ltd has a contract for aerial photography on behalf of the councils. This expenditure is offset from the revenue received from the councils. BOPLASS Ltd is acting on behalf of the councils.

\*\* Lease Expenses refer to note 20. This expenditure is offset from the revenue received from the councils. BOPLASS Ltd is acting on behalf of the councils.

\*\*\* Other Operating Expenditure ICN - other expenses related to Council Regional Network Platform (ICN) additional to the lease expense.

\*\*\*\* Recoveries - This expenditure is offset from the revenue received from the councils for project work.



## Note 8: Taxation Expenses

	Notes	BOP LASS Ltd	
		2013/14 Actual	2012/13 Actual
Current Tax Expense		0	0
Prior Period Adjustment		0	0
<b>TAXATION EXPENSE</b>		<b>0</b>	<b>0</b>
Operational Surplus/(Deficit) before Taxation*		2,093	38,756
Tax calculation @ 28%		586	10,852
Plus/(Less) Taxation effect of:			
Non-deductible Expenditure		117,943	203,999
Non-taxable income/(expenditure)		(117,151)	(214,760)
Prior Period Adjustment		0	0
Tax loss Offset		0	0
Tax Loss not recognised		0	0
Tax Loss not recognised previously		0	0
Temporary Differences not recognised		(1,378)	(91)
Tax Rate adjustment		0	0
<b>TOTAL TAXATION EXPENSE</b>		<b>0</b>	<b>0</b>
<b>IMPUTATION CREDIT ACCOUNT</b>			
Imputation credits available for subsequent periods		0	0
		<b>0</b>	<b>0</b>

Tax losses of \$6,139 (2013: \$15,926) are available to carry forward and offset against any future taxable income.

## Note 9: Cash and Cash Equivalents

	Notes	BOP LASS Ltd	
		2013/14 Actual	2012/13 Actual
Cash at Bank - Current account		83,966	281,438
Cash at Bank - Aerial Trust account		782,511	556,449
<b>TOTAL CASH AND CASH EQUIVALENTS</b>		<b>866,477</b>	<b>837,887</b>

## Note 10: Debtors and Other Receivables

	Notes	BOP LASS Ltd	
		2013/14 Actual	2012/13 Actual
Accrued Equity Injection	*	49,092	0
Accrued Income		8,501	0
Debtors - Other		256,529	48,775
Withholding Tax		1,999	6,750
<b>TOTAL DEBTORS AND OTHER RECEIVABLES</b>		<b>316,121</b>	<b>55,525</b>

Debtors are non-interest bearing and receipt is normally 30-day terms. Therefore, the carrying amount of debtors approximates their fair value.

\* BOPLASS Ltd issued 22 new ordinary non-voting shares for the 2013/14 financial year. The following Councils - Bay of Plenty Regional Council, Kawerau District Council, Opotiki District Council, Rotorua District Council and Taupo District Council paid their equity contribution after 30 June 2014 so \$49,092 has been recognised in accrued equity injection. Refer to note 21.

The status of receivables as at 30 June 2014 and 2013 are detailed below:

		BOP LASS Ltd 2013/14		
		Gross	Impaired	Net
<b>DEBTORS AND OTHER RECEIVABLES</b>				
Not Past due		258,621	0	258,621
Past due 1-60 days		291	0	291
Past due 61-90 days		0	0	0
Past due > 90 days		57,209	0	57,209
<b>TOTAL DEBTORS AND OTHER RECEIVABLES</b>		<b>316,121</b>	<b>0</b>	<b>316,121</b>

		BOP LASS Ltd 2012/13		
		Gross	Impaired	Net
<b>DEBTORS AND OTHER RECEIVABLES</b>				
Not Past due		44,630	0	44,630
Past due 1-60 days		10,895	0	10,895
Past due 61-90 days		0	0	0
Past due > 90 days		0	0	0
<b>TOTAL DEBTORS AND OTHER RECEIVABLES</b>		<b>55,525</b>	<b>0</b>	<b>55,525</b>

## Note 11: Prepayments

	Notes	BOP LASS Ltd	
		2013/14 Actual	2012/13 Actual
Under 1 Year		6,568	45,592
<b>TOTAL PREPAYMENTS</b>		<b>6,568</b>	<b>45,592</b>
Less Current Portion of Prepayments		6,568	45,592
<b>TOTAL NON-CURRENT PREPAYMENTS</b>		<b>0</b>	<b>0</b>

## Note 12: Intangible Assets

	Notes	BOP LASS Ltd	
		2013/14 Actual	2012/13 Actual
<b>Computer Software</b>			
<b>Cost</b>			
Cost at beginning of Year		3,622	3,622
Current Year Additions		0	0
Current Year Disposals		0	0
<b>Cost Balance at Year End</b>		<b>3,622</b>	<b>3,622</b>
<b>Accumulated Amortisation and Impairment</b>			
Cost at beginning of Year		3,561	3,471
Amortisation Expense		36	90
Impairment Losses		0	0
<b>Accumulated Amortisation and Impairment Balance at Year End</b>		<b>3,597</b>	<b>3,561</b>
<b>Carrying Amounts</b>			
Cost at beginning of Year		61	151
<b>Carrying Amount at Year End</b>		<b>25</b>	<b>61</b>

Computer software was purchased from independent external suppliers. This has been amortised over its life (4 years).

No impairment losses have been recognised for intangible assets.

## Note 13: Plant and Equipment

	Notes	BOP LASS Ltd	
		2013/14 Actual	2012/13 Actual
<b>Office and Computer Equipment</b>			
<b>Cost</b>			
Cost at beginning of Year		2,489	2,489
Current Year Additions		0	0
Current Year Disposals		0	0
<b>Cost Balance at Year End</b>		<b>2,489</b>	<b>2,489</b>
<b>Accumulated Depreciation and Impairment</b>			
Cost at beginning of Year		1,881	1,347
Depreciation Expense		282	534
Impairment Losses		0	0
<b>Accumulated Depreciation and Impairment Balance at Year End</b>		<b>2,163</b>	<b>1,881</b>
<b>Carrying Amounts</b>			
Cost at beginning of Year		608	1,142
<b>Carrying Amount at Year End</b>		<b>326</b>	<b>608</b>

Office equipment has been depreciated over its life (5 years).  
Computer equipment has been depreciated over its life (4 years).

## Note 14: Creditors and Other Payables

	Notes	BOP LASS Ltd	
		2013/14 Actual	2012/13 Actual
Accruals - Other Expenses	*	39,864	19,632
Creditors		(9)	81,085
Goods and Services Tax Paid		41,353	11,319
Retentions		0	77,208
<b>TOTAL CREDITORS AND OTHER PAYABLES</b>		<b>81,209</b>	<b>189,244</b>

Creditors and other payables are non-interest bearing and are normally settled on 30-day terms. Therefore the carrying value of creditors and other payables approximates their fair value.

\* Accruals - Other Expenses relates to Audit Fees of \$15,504 and other miscellaneous costs of \$24,360 that have been accrued for the 2013/14 financial year.



## Note 15: Employee Benefit Liabilities

	Notes	BOP LASS Ltd	
		2013/14 Actual	2012/13 Actual
Accrued Pay		9,470	8,549
Annual Leave		6,001	1,080
<b>TOTAL EMPLOYEE BENEFIT LIABILITIES</b>		<b>15,471</b>	<b>9,629</b>
Comprising of:			
Employee Benefit Liabilities - Current Portion		15,471	9,629
Employee Benefit Liabilities - Non-current Portion		0	0
<b>TOTAL EMPLOYEE BENEFIT LIABILITIES</b>		<b>15,471</b>	<b>9,629</b>

## Note 16: Income in Advance

	Notes	BOP LASS Ltd	
		2013/14 Actual	2012/13 Actual
Income in Advance	*	798,643	450,886
<b>TOTAL INCOME IN ADVANCE</b>		<b>798,643</b>	<b>450,886</b>

\* Income in advance that relates to 2014/15 financial year. \$520,203 is for Aerial Photography. The rest relates to Bay of Plenty Regional Council contributions towards various projects such as \$25,000 for the Rates project; \$76,101 to the Geospatial Web project; \$10,000 for the Radio Telephony review; \$165,560 towards Inter Council Network hardware and implementation costs and \$1,779 towards Intergraph software.



## Note 17: Borrowings

	Notes	BOP LASS Ltd	
		2013/14 Actual	2012/13 Actual
Maturing in Under 1 Year		237,550	325,365
Maturing in 1-2 years		0	0
Maturing in 2-3 years		0	0
Maturing in 3-4 years		0	0
Maturing in 4-5 years		0	0
Maturing in 5+ years		0	0
<b>TOTAL BORROWINGS</b>		<b>237,550</b>	<b>325,365</b>
Less Current Portion of Borrowings		237,550	325,365
<b>TOTAL NON-CURRENT BORROWINGS</b>		<b>0</b>	<b>0</b>

BOPLASS Ltd has a reciprocal borrowing arrangement with Tauranga City Council which allows for the borrowing of funds and placement of excess funds. The current loan balance as at 30 June 2014 is \$237,550. Interest is accrued during each interest period. Tauranga City Council is also a related party refer to note 21.

Interest is calculated at current market rates. The loan from Tauranga City Council is unsecured.

## Note 18: Equity

	Notes	BOP LASS Ltd	
		2013/14 Actual	2012/13 Actual
<b>Share Capital</b>			
Balance at beginning of Year		9,000	9,000
Fully Paid up Shares		90,002	0
<b>Balance at Year End</b>		<b>99,002</b>	<b>9,000</b>
<b>Retained Earnings</b>			
Balance at beginning of Year		(44,451)	(83,207)
Surplus/(Deficit) after Taxation		2,093	38,756
<b>Balance at Year End</b>		<b>(42,358)</b>	<b>(44,451)</b>

**Share Capital** - As at 30 June 2014, share capital comprised of thirty one Ordinary Shares. 22 new ordinary shares were issued in the 2013/14 financial year. The new shares issued are non-voting shares.

The holders of the ordinary shares are entitled to receive dividends as declared from time to time, are entitled to one vote per share at meetings of the Company, and rank equally with regard to the Company's residual assets.

**Dividends** - No dividends have been paid or are proposed by the Company.



**Note 19: Reconciliation of net surplus/(deficit) after tax to net cashflow from Operating Activities**

	Notes	BOP LASS Ltd	
		2013/14	2012/13
		Actual	Actual
Net Surplus/(Deficit) After Tax from Statement of Comprehensive Income		2,093	38,756
<b>Add/(Less) Non-cash Items</b>			
Depreciation and Amortisation		318	624
<b>Add/(Less) Movement in Working Capital</b>			
Decrease/(Increase) in Debtors and Other Receivables		(221,572)	309,785
		239,722	(502,867)
Increase/(Decrease) in Creditors and Other Payables		5,843	5,212
Increase/(Decrease) in Employee Benefit Liabilities			
<b>Add/(Less) Movement in Non-current Assets</b>			
Decrease/(Increase) in Investments		0	0
<b>Add/(Less) Movement in Non-current Liabilities</b>			
Decrease/(Increase) in Liabilities		0	0
<b>NET CASHFLOWS FROM OPERATING ACTIVITIES</b>		<b>26,403</b>	<b>(148,490)</b>

## Note 20: Statement of Commitments

### Operating Leases as Lessee

BOPLASS Ltd has leased an ultrafast broadband network to enable the establishment of a Inter Council Network. An advance payment of \$250,000 was paid by BOPLASS Ltd in 2010 for the first three years of a lease contract. The lease has a term of ten years with the right of withdrawal after three years. BOPLASS Ltd does not have an option to purchase the leased broadband network at the expiry of the lease period.

BOPLASS Ltd has entered into a operating lease with Canon for the supply of hardware for the management of video conference connectivity on the fibre network the agreement is for a period of three years.

OPERATING LEASES AS LESSEE	Notes	BOP LASS Ltd	
		2013/14 Actual	2012/13 Actual
Not later than one year		0	18,216
Later than one year and not later than five years		0	18,216
Later than five years		0	0
<b>TOTAL OPERATING LEASES AS LESSEE</b>		<b>0</b>	<b>36,432</b>

The lease expense of \$142,548 for the Inter Council Network is recognised in the Statement of Comprehensive Income refer to note 7.

Participating councils are invoiced by BOPLASS Ltd on a monthly basis over the period of the lease to recover the costs for the lease of the Council network. The monthly pricing is reviewable not less than annually and adjustments are to be made for market trends and for the number of councils participating. The lease invoicing started in the 2010 financial year.

The lease expense of \$16,466 for the Canon lease is recognised in the Statement of Comprehensive Income refer to note 7.

Councils pay BOPLASS Ltd a lease amount charged by Canon plus a fee for provision and administration of the service and network equipment by BOPLASS Ltd. The lease invoicing started in the 2011 financial year and finished in the 2013/14 financial year.

RECOVERY OF OPERATING LEASES PAYMENTS FROM PARTICIPATING COUNCILS	Notes	BOP LASS Ltd	
		2013/14 Actual	2012/13 Actual
Not later than one year		0	18,216
Later than one year and not later than five years		0	18,216
Later than five years		0	0
<b>TOTAL OPERATING LEASES AS LESSOR</b>		<b>0</b>	<b>36,432</b>



## Note 21: Related Party Transactions

### Bay of Plenty Regional Council

	BOP LASS Ltd	
	2013/14 Actual	2012/13 Actual
<b>Payments from BOP LASS Ltd:</b>		
Other Operational Costs	142,323	67,419
Support Costs	3,490	873
	145,813	68,291
<b>Payments to BOP LASS Ltd:</b>		
Services provided*	380,955	277,334
Equity Contribution**	16,364	0
	397,319	277,334

\* At 30 June 2013 the amount of \$346 incl GST is included in debtors.

\* At 30 June 2014 the amount of \$190,394 incl GST is included in debtors.

BOPLASS Ltd paid Bay of Plenty Regional Council for support costs during the financial year to 30 June 2014. This covers IT support and a stationery charge for BOPLASS staff.

\*\* BOPLASS Ltd issued 22 new ordinary non-voting shares for the 2013/14 financial year. Bay of Plenty Regional Council paid for 4 fully paid ordinary non-voting shares \$16,364 after 30 June 2014 so this amount has been recognised in accrued equity injection refer to note 10.

### Gisborne District Council

	BOP LASS Ltd	
	2013/14 Actual	2012/13 Actual
<b>Payments from BOP LASS Ltd:</b>		
Other Operational Costs	0	0
<b>Payments to BOP LASS Ltd:</b>		
Services provided*	153,306	125,351
Equity Contribution**	8,182	0
	161,488	125,351

\* At 30 June 2013 the amount of \$4,554 incl GST is included in debtors.

\*\* BOPLASS Ltd issued 22 new ordinary non-voting shares for the 2013/14 financial year. Gisborne District Council paid for 2 fully paid ordinary non-voting shares \$8,182 by 30 June 2014.

## Kawerau District Council

	BOP LASS Ltd	
	2013/14 Actual	2012/13 Actual
<b>Payments from BOP LASS Ltd:</b>		
Other Operational Costs	0	0
<b>Payments to BOP LASS Ltd:</b>		
Services provided*	30,191	14,986
Equity Contribution**	4,091	0
	<b>34,282</b>	<b>14,986</b>

\* At 30 June 2013 the amount of \$1,798 incl GST is included in debtors.

\*\* BOPLASS Ltd issued 22 new ordinary non-voting shares for the 2013/14 financial year. Kawerau District Council paid for 1 fully paid ordinary non-voting shares \$4,091 after 30 June 2014 so this amount has been recognised in accrued equity injection refer to note 10.

## Opotiki District Council

	BOP LASS Ltd	
	2013/14 Actual	2012/13 Actual
<b>Payments from BOP LASS Ltd:</b>		
Other Operational Costs	0	0
<b>Payments to BOP LASS Ltd:</b>		
Services provided*	32,396	15,076
Equity Contribution**	4,091	0
	<b>36,487</b>	<b>15,076</b>

\* At 30 June 2013 the amount of \$1,816 incl GST is included in debtors.

\* At 30 June 2014 the amount of \$582 incl GST is included in debtors.

\*\* BOPLASS Ltd issued 22 new ordinary non-voting shares for the 2013/14 financial year. Opotiki District Council paid for 1 fully paid ordinary non-voting shares \$4,091 after 30 June 2014 so this amount has been recognised in accrued equity injection refer to note 10.

## Rotorua District Council

	BOP LASS Ltd	
	2013/14 Actual	2012/13 Actual
<b>Payments from BOP LASS Ltd:</b>		
Other Operational Costs	410	2,718
<b>Payments to BOP LASS Ltd:</b>		
Services provided*	294,864	239,807
Equity Contribution**	16,364	0
	311,228	239,807

\* At 30 June 2013 the amount of \$20,163 incl GST is included in debtors.

\* At 30 June 2014 the amount of \$3,272 incl GST is included in debtors.

\*\* BOPLASS Ltd issued 22 new ordinary non-voting shares for the 2013/14 financial year. Rotorua District Council paid for 4 fully paid ordinary non-voting shares \$16,364 after 30 June 2014 so this amount has been recognised in accrued equity injection refer to note 10.

## Taupo District Council

	BOP LASS Ltd	
	2013/14 Actual	2012/13 Actual
<b>Payments from BOP LASS Ltd:</b>		
Other Operational Costs	0	0
<b>Payments to BOP LASS Ltd:</b>		
Services provided*	114,481	82,584
Equity Contribution**	8,182	0
	122,663	82,584

\* At 30 June 2013 the amount of \$1,122 incl GST is included in debtors.

\* At 30 June 2014 the amount of \$1,755 incl GST is included in debtors.

\*\* BOPLASS Ltd issued 22 new ordinary non-voting shares for the 2013/14 financial year. Taupo District Council paid for 2 fully paid ordinary non-voting shares \$8,182 after 30 June 2014 so this amount has been recognised in accrued equity injection refer to note 10.



## Tauranga City Council

	BOP LASS Ltd	
	2013/14 Actual	2012/13 Actual
<b>Payments from BOP LASS Ltd:</b>		
Loan Repayment	813,215	239,848
Loan Interest	31,962	15,163
Other Operational Costs	1,357	1,174
Support Costs	15,000	15,000
	861,534	271,184
<b>Payments to BOP LASS Ltd:</b>		
Loan	725,400	269,000
Services provided*	274,386	238,097
Equity Contribution**	16,364	0
	1,016,150	507,097

\* At 30 June 2013 the amount of \$5,078 incl GST is included in debtors.

\* At 30 June 2014 the amount of \$61,438 incl GST is included in debtors.

BOPLASS Ltd paid Tauranga City Council for support costs during the financial year to 30 June 2014. This covers IT support and an accommodation charge for BOPLASS staff based at Tauranga City Council.

Tauranga City Council provided accounting services to BOPLASS Ltd during the financial year to 30 June 2014 free of charge. An estimated value of the accounting services provided for the year is \$11,000.

\*\* BOPLASS Ltd issued 22 new ordinary non-voting shares for the 2013/14 financial year. Tauranga City Council paid for 4 fully paid ordinary non-voting shares \$16,364 by 30 June 2014.

## Western Bay of Plenty District Council

	BOP LASS Ltd	
	2013/14 Actual	2012/13 Actual
<b>Payments from BOP LASS Ltd:</b>		
Other Operational Costs	16,308	23,769
<b>Payments to BOP LASS Ltd:</b>		
Services provided*	157,401	130,245
Equity Contribution**	8,182	0
	165,583	130,245

\* At 30 June 2013 the amount of \$2,215 incl GST is included in debtors.

\* At 30 June 2014 the amount of (\$911) incl GST is included in debtors.

\*\* BOPLASS Ltd issued 22 new ordinary non-voting shares for the 2013/14 financial year. Western Bay of Plenty District Council paid for 2 fully paid ordinary non-voting shares \$8,182 by 30 June 2014.

## Whakatane District Council

	BOP LASS Ltd	
	2013/14 Actual	2012/13 Actual
<b>Payments from BOP LASS Ltd:</b>		
Other Operational Costs	0	91
<b>Payments to BOP LASS Ltd:</b>		
Services provided*	148,992	121,559
Equity Contribution**	8,182	0
	<b>157,174</b>	<b>121,559</b>

\* At 30 June 2013 the amount of \$183 incl GST is included in debtors.

\*\* BOPLASS Ltd issued 22 new ordinary non-voting shares for the 2013/14 financial year. Whakatane District Council paid for 2 fully paid ordinary non-voting shares \$8,182 by 30 June 2014.

### Video Conferencing



Distance and travel time are a significant cost. BOPLASS has assisted councils to implement video conferencing to make activities more efficient.



## **Note 22: Events Occurring After Balance Date Council**

No events have occurred since balance date for BOPLASS Ltd.

## **Note 23: Statement of Performance Against Statement of Intent**

Refer to separate Statement of Intent and Performance on page 6.

The equity ratio is a good indicator of the level of leverage used by a company. The equity ratio measures the proportion of the total assets that are financed by shareholders and not creditors.

The calculation of equity ratio is 20.00.

## **Note 24: Explanations of Major Variances Against Budget**

BOP LASS Ltd	
Statement Of Comprehensive Income	Variance against Budget
Other Revenue	Lease Revenue ICN also included recovery of project expenses related to the reassignment of the recovery of lease costs.
Personnel Costs	A salary budget was carried for the vacant CEO position during 2013/14.
Other Expenses	Actual was higher than budget for Consultancy costs and Other operating expenses related to ICN.
Recoveries and Sales of Service	Budgeted Sales of Service revenue and expenses were subsequently considered to be reported as Recoveries. Recoding of these items has resulted in a proportionate reversal of variances against budget.



## Note 25: BOPLASS Contractual Offsetting Revenue & Expenditure Transactions

	BOP LASS Ltd 2013/14			
	Revenue	Expenditure	Net Operating Surplus/(Deficit)	Explanation to Variance
Core				
Council Contribution	273,511	0	273,511	BOPLASS Ltd's funding for the activity from councils to fund administrative costs not related to projects.
Other Interest	16	0	16	Interest received from Inland revenue.
Interest Revenue	3,409	0	3,409	Bank interest received on the BOPLASS Ltd current account.
Salary and Wages	0	274,139	(274,139)	Refer to note 5.
Superannuation	0	4,266	(4,266)	Refer to note 5.
Direct Personnel Overheads	0	28,557	(28,557)	Refer to note 5.
Depreciation & Amortisation	0	318	(318)	Refer to note 4.
Interest on Borrowings	0	31,962	(31,962)	Interest paid to TCC for general loan.
Administration Expenses	0	34,762	(34,762)	Refer to note 7.
Audit Fees	0	15,504	(15,504)	Refer to note 7.
Consultancy	0	75,860	(75,860)	Refer to note 7.
Insurance	0	6,434	(6,434)	Refer to note 7.
Penalty write off	0	1,799	(1,799)	Refer to note 7.
Total	276,936	473,601	(196,667)	
Projects				
Activity Group Fees	63,000	0	63,000	BOPLASS Ltd's funding for the activity project groups so no direct expenditure.
Aerial Photography	146,477	146,477	0	
Interest Revenue related to Aerial Photography	16,292	0	16,292	Bank interest received on the BOPLASS Ltd Aerial Photography Trust account.
Lease - Canon Video Conferencing	21,394	16,466	4,929	Councils pay BOPLASS Ltd a lease amount charged by Canon plus an administrative fee for BOPLASS Ltd entering into the lease on behalf of the councils.
Lease - ICN	279,579	142,548	137,031	Participating councils are invoiced by BOPLASS Ltd on a monthly basis over the period of the lease to recover the cost for the lease of the Council Regional Network Platform. ICN lease revenue includes recovery of other operating expenditure - ICN, interest on borrowings - ICN loan and BOPLASS Ltd administration fees.
Other Operating Expenditure - ICN	0	149,750	(149,750)	Other ICN expenses that are not directly related to the lease.
ESRI Enterprise Licence (Recoveries)	374,508	370,800	3,708	BOPLASS charges an administration fee for management of the software purchase and recoveries.
Revera Hosting (Recoveries)	49,860	55,673	(5,813)	Datacentre services established for the hosting of shared services but subsequently disestablished.
Insurable Risk Analysis & Infrastructure Insurance Scoping (Recoveries)	66,530	61,780	4,750	Includes BOPLASS administration fee for management of the project.
Other Recoveries	194,487	84,439	110,048	Includes recovery and administration fees for ad-hoc projects.
Service Sales and Costs	14,564	0	14,564	Service sales and costs are for other items that are not part of a contract such rebates and one off project professional fees and will not offset each other.
Total	1,226,691	1,027,933	198,757	
Overall Total	1,503,627	1,501,534	2,093	

BOP LASS Ltd 2012/13			
	Revenue	Expenditure	Net Operating Surplus/(Deficit)
<b>Core</b>			
Council Contribution	54,710	0	54,710
Interest Revenue	862	0	862
Salary and Wages	0	174,616	(174,616)
Superannuation	0	3,170	(3,170)
Direct Personnel Overheads	0	23,210	(23,210)
Depreciation & Amortisation	0	624	(624)
Interest on Borrowings	0	11,745	(11,745)
Administration Expenses	0	22,080	(22,080)
Audit Fees	0	14,750	(14,750)
Consultancy	0	26,044	(26,044)
Other Operating Expenditure	0	6,400	(6,400)
<b>Total</b>	<b>55,572</b>	<b>282,639</b>	<b>(227,068)</b>
<b>Projects</b>			
Activity Group Fees	79,000	0	79,000
Aerial Photography	681,370	671,370	10,000
Interest Revenue related to Aerial Photography	19,702	0	19,702
Aerial Photography Copyright *	0	8,438	(8,438)
Lease - Canon Video Conferencing	23,339	17,963	5,377
Lease - ICN	226,063	150,421	75,642
Other Operating Expenditure - ICN	0	58,668	(58,668)
Interest on Borrowings - related to ICN loan	0	3,419	(3,419)
Recoveries	573,937	547,178	26,759
Service Sales and Costs *	229,790	109,922	119,868
<b>Total</b>	<b>1,833,201</b>	<b>1,567,378</b>	<b>265,823</b>
<b>Overall Total</b>	<b>1,888,773</b>	<b>1,850,017</b>	<b>38,756</b>

\* Aerial photography copyright expenditure is under Service Costs.

## Note 26: Going Concern

The shareholders provided a letter of support confirming that over the next twelve months they will support the company by meeting any obligations/liabilities that the company is unable to meet.

The Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

## ***Statutory Disclosures***

**as per section 211 (1) of the Companies Act (1993)**

### **NATURE OF BUSINESS**

There has been no change in the nature of the business of the company during the year.

### **DIRECTORS APPOINTED**

Under the Shareholder Agreement Directors are appointed by the constituent councils.

Directors and their dates of appointment are as follows:

Kawerau District Council	Russell George (Acting Chairman)	14 January 2008
Bay of Plenty Regional Council	Mary-Anne Macleod	23 June 2011
Western Bay of Plenty District Council	Glenn Snelgrove	14 January 2008
Rotorua District Council	Geoff Williams	1 July 2013
Whakatane District Council	Martin Grenfell	26 September 2011
Tauranga City Council	Garry Poole	26 April 2013
Taupo District Council	Rob Williams	14 January 2008
Gisborne District Council	Judy Campbell	26 April 2012
Opotiki District Council	Aileen Lawrie	10 August 2010

### **INTEREST REGISTER**

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

### **DIRECTORS REMUNERATION**

No remuneration has been paid to the Directors.



## **DONATIONS**

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

## **AUDIT FEES**

The actual audit fees for the financial year are \$15,504. The amount of \$15,504 has been accrued for audit fees for BOPLASS Ltd and this is what is shown in the Statement of Comprehensive Income.



