

Audit Report

To the readers of Tauranga City Aquatics Limited's financial statements and performance information for the year ended 30 June 2010

The Auditor-General is the auditor of Tauranga City Aquatics Limited (the Company). The Auditor-General has appointed me, Clarence Susan, using the staff and resources of Audit New Zealand, to carry out the audit on her behalf. The audit covers the financial statements and performance information included in the annual report of the Company for the year ended 30 June 2010.

Qualified Opinion – Our work was limited because of limited control over revenue

Prior to being recorded, control over the receipt of \$2,798,000 of pool takings revenue, which is included within the total of operational revenue of \$4,838,000, is limited and there are no satisfactory audit procedures that we could adopt to confirm independently that all pool takings revenue was properly recorded.

In our opinion:

- Except for adjustments that might have been found to be necessary had we been able to obtain sufficient evidence concerning pool takings, the financial statements of the Company on pages 5 to 25:
 - 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 2010; and
 - the results of its operations and cash flows for the year ended on that date.
- The performance information of the Company on pages 26 to 31 gives a true and fair view of the achievements measured against the performance targets adopted for the year ended 30 June 2010.
- Based on our examination the Company kept proper accounting records.

The audit was completed on 22 September 2010, and 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 the Auditor, and explain our independence.

Basis of opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards. However, the scope of our work was limited because of the limited control over pool takings revenue.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements and performance information did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and performance information. We were unable to determine whether there are material misstatements in relation to pool takings revenue because the scope of our work was limited, as we referred to in our opinion.

The audit involved performing procedures to test the information presented in the financial statements and performance information. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Board of Directors;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all required disclosures are adequate.

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

We evaluated the overall adequacy of the presentation of information in the financial statements and performance information. We did not obtain all the information and explanations we required due to the limited control over pool takings revenue, as explained above.

Responsibilities of the Board of Directors and the Auditor

The Board of Directors is responsible for preparing the financial statements in accordance with generally accepted accounting practice in New Zealand. The financial statements must give a true and fair view of the financial position of the Company as at 30 June 2010 and the results of its operations and cash flows for the year ended on that date. The Board of Directors is also responsible for preparing performance information that gives a true and fair view of service performance achievements for the year ended 30 June 2010. The Board of Directors' responsibilities arise from the Financial Reporting Act 1993 and the Local Government Act 2002.

We are responsible for expressing an independent opinion on the financial statements and performance information and reporting that opinion to you. This 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 New Zealand Institute of Chartered Accountants.

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

A handwritten signature in blue ink, appearing to read 'Clarence Susan', written in a cursive style.

Clarence Susan
Audit New Zealand
On behalf of the Auditor-General
Tauranga, New Zealand