



TAANZ
TRAVEL AGENTS' ASSOCIATION
NEW ZEALAND

ANNUAL
REPORT
2015

*Without a travel agent
you're on your own!™*



WHO WE ARE, WHAT WE DO?

Formed in 1962, TAANZ is the trade association representing the vast majority of travel agents and their travel brokers operating in New Zealand. There is no government licensing for travel agents in New Zealand so TAANZ is a self-regulating organisation promoting quality standards, a Code of Ethics and Practice and to consumers, the use of a TAANZ travel agent.

TAANZ members must meet strict membership and financial criteria and be subject to an annual financial review by an independent Bonding Authority. All TAANZ members participate in the TAANZ Bonding Scheme for the protection of the consumer.

TAANZ works with training organisations and providers to ensure travel consultant industry training has the right content to enable them to service their customers, to understand new technology, the law and the travel industry at large.

TAANZ interacts with supply partners and government agencies lobbying issues on its members' behalf. TAANZ is a signatory to the TAANZ IATA agreement's protection arrangements for airlines and the Association hosts the annual National Travel Industry Awards celebrating excellence in the multiple channels of agency and supplier distribution.

OUR VISION

To promote the use of a TAANZ Travel Agent to consumers and to act with purpose and clarity, sustaining a deregulated market place in which TAANZ members may conduct their business.

OUR GOALS

- Promote the TAANZ brand to consumers as one of professionalism and high standards.
- Promote the use of a TAANZ Travel Agent.
- Advocate on behalf of members for their right to trade freely and fairly without encumbrance.
- Assist members to put their business on sound financial footing and meet membership requirements
- Provide thought leadership and policy on industry matters.
- Promote recognition through an awards program.
- Be a world class membership organisation.
- Maintain a sustainable business model ensuring TAANZ ability to service its members' current and future needs.

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10 YEAR MEMBERSHIP REVIEW

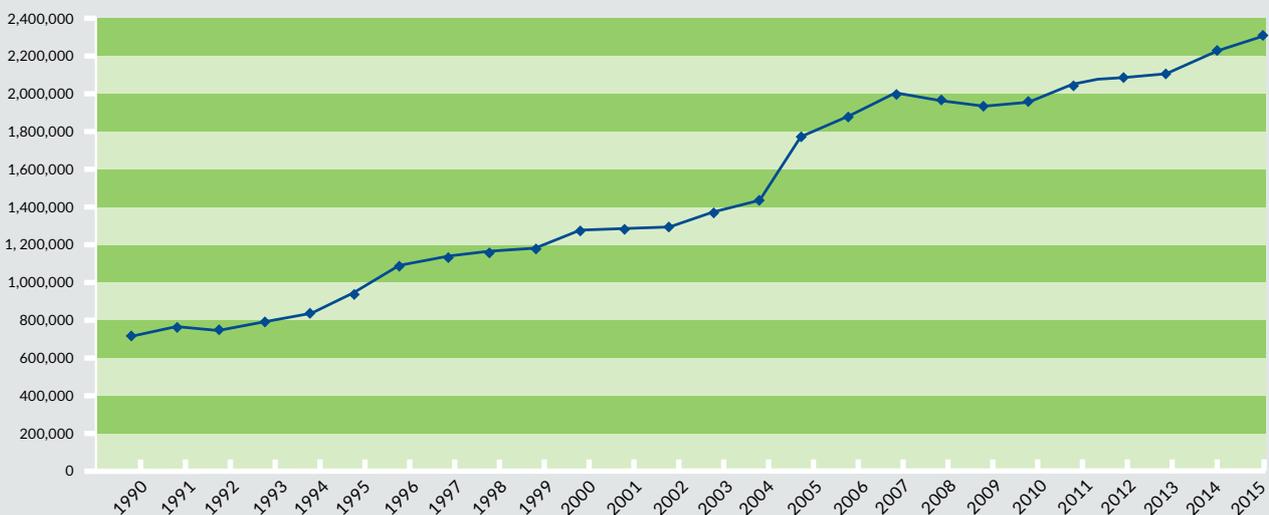
	May 2005	May 2006	May 2007	May 2008	May 2009	May 2010	May 2011	May 2012	May 2013	May 2014	May 2015
FULL MEMBER HEAD OFFICES	416	400	396	380	364	342	331	317	314	304	303
FULL MEMBER BRANCH LOCATIONS	96	84	80	73	66	70	67	89	92	81	80
TOTALS	512	484	476	453	430	412	398	406	406	385	383
APPROVED TRAVEL BROKERS	284	309	314	324	315	401	431	476	522	533	564
ALLIED SUPPLIER MEMBERS	100	96	92	83	79	77	73	59	69	68	72

25 YEARS OF GROWTH

Total New Zealand Residents Departing (Short Term)
As at May

1990	717,278	1995	920,107	2000	1,282,791	2005	1,777,939	2010	1,943,330
1991	778,956	1996	1,092,879	2001	1,286,593	2006	1,876,838	2011	2,037,091
1992	750,895	1997	1,131,682	2002	1,292,979	2007	1,996,314	2012	2,124,936
1993	799,659	1998	1,166,418	2003	1,373,632	2008	1,967,100	2013	2,162,918
1994	823,834	1999	1,184,510	2004	1,432,541	2009	1,918,300	2014	2,213,059
								2015	2,321,054

TOTAL NZ RESIDENT DEPARTURES BY CALENDAR YEAR



CHAIRMAN'S REPORT



As I write this, I reflect on yet another important year for TAANZ.

Of greater significance, in my view, is the evolvement of the Association over the last 5 years. Our decision to position

the secretariat independent of other trade associations, with a full time CEO committed to the issues that matter to the members, has been very pleasing. I think it fair to say that your Association has never been more relevant whilst returning much greater value to our membership. Andrew Olsen and Emmy Benitez have been instrumental in this.

TAANZ has continued its focus on providing oversight on all stakeholder matters and to providing good governance in its dealings with all internal and external constituents. Of note, we continue our dialogue and collaboration with education providers to ensure we set high standards for our people and a professional image to the consumer. We have agreed to elevate the standards of education of our staff, minimum of level 4 national certificate, to 40% across the Industry in 2015 and rising to 60% this time next year. Further, in collaboration with Service-IQ, we have launched the Schools Pathway Programme so that we can attract more young people back to our Industry.

Of broader interest is our engagement with MOT and MBIE with regard the repeal of the Commission Regime. Of greater concern is the MPI and Customs Department travel tax imposition. TAANZ has joined with a large number of interested parties sending a strong and unified message that this is a non-sense and unacceptable. That there was no communication in advance on this matter was disappointing.

More recently, TAANZ and IATA completed a lengthy review process which culminated in a new 3 year agreement. The 3rd National Travel Industry Awards

(NTIA) have celebrated the best and brightest within the Industry in a gala evening at MOTAT in Auckland. We continue our engagement with our kindred associations worldwide on the WTAAA and, of particular interest, the proposal from TAANZ to amend resolution 824R to align refund processing with BSP settlements! This has now gone to the Passenger Agency Programme Steering Group committee (PSG) and hopefully then to PACONF to be ratified as recommended practise worldwide in October? Naturally, this is consistent with our existing discussions with IATA regarding NZ market alignment!

We are very fortunate that we have a very knowledgeable, practical and nimble board who are totally committed to representing your interests with honesty and integrity. I thank them for this.

Their work is complimented by the very informed and considered legal representation of Andy Marshall and the financial diligence of Dan and Mary at the Bonding Authority. Dan leaves us shortly after 9 years as our Bonding Administrator and we thank him sincerely for his significant contribution and wish him well. TAANZ has completed a robust interview process for his replacement and we look forward to advising of some structural changes at the BA very shortly.

In the year ahead, we will invest in the secretariat and its leadership, consumer and member brand awareness, a refreshed website that is enabled with automated functionality and to future proof the business. Our goal is to be a world class trade association.

To finish, can I compliment you all on your continued relevance and success. Long may the "travel agent" flourish?

Peter Barlow
Chairman

CHIEF EXECUTIVE'S REPORT



Open any newspaper and it's most probable there will be a story or supplement relating to travel. We travel, arguably, more distance than any other country to take time out at holiday destinations, for business, to rekindle family relations, to explore and increasingly to contribute to cultures less well off than ours. Travel agents make this happen. You make this happen. We reflect on the year in review and TAANZ interactions with members, stakeholders and the wider industry underpinning the 3 million travellers departing NZ*

Diversity

One qualification to bind themTraditional retail, TMC, blended retail online and broker distribution models all contribute to the TAANZ mix of membership. Since 2010 full membership has held around 300 after a decade of steady decline. Branch locations are nearing the 100 mark. Broker numbers grew modestly and consistently with previous years. Suppliers continue to see value in the alliance with TAANZ and its members. The number of persons employed by TAANZ members were 1885 of which 1089, or 57%, currently holds a TAANZ recognised qualification. This number is significant when you compare it to the same time in 2013 when 33% of all selling consultants met the minimum criteria. In this last 12 months TAANZ has focussed on building capability into qualifications to improve the depth and talent of available and potential industry joiners. Every member should be proud of their acceptance of elevating standards .We will continue to encourage development of relevant qualifications, particularly at Level 5 and above and remain open to inclusion of other accreditation criteria where it makes sense to do so.

From school to careers

This last year we've invested time in fostering the pathway into and through our industry. The trade week is the culmination of our engagement with the trade ITO Service IQ and schools and will give participating

members the opportunity to showcase careers to those considering a career in the industry. It's the start of carving out a sustainable triangular working relationship with schools, providers and our ITO.

Lobby lobby lobby

The 10 year passport was a win for NZ'ers this year. Thanks to the early efforts of TAANZ advocacy, the passport's life now recognises unused months and is aligned to most other countries. We continue debate and opposition on a number of fronts; travel tax is a bad idea, we do not agree with the proposed repeal of the commission regime, we are firmly of the view the current local financial criteria for IATA accredited agents does not need improving and we're on the global stage pushing for an equilibrium between BSP remittance timetables and refunds. We also headed off a number of banks that (again) wanted to institute a pre -payment bond on the merchant services of agents. In September we seemed to make the point that the vast majority of TAANZ members could be exempted from the reporting requirements of the Anti - Money Laundering and Countering of Financing Terror Act 2009. GDS companies have also on-boarded TAANZ risk mitigation strategies - an indispensable relationship which will assist TAANZ ability to investigate failure, fraud and theft. On that count, we have also made headway with the NZ Police which is now taking action against two former members and their substantial airline debts.

Focus on the customer

TAANZ has long promoted its members using words like 'bonded' and 'protection' and not engaged widely in social media to promote 'standards' and 'professionalism'. It's true that no consumer has ever been out of pocket in the relatively few cases where a member has failed. We should all take great pride in the application of the consumer fund and what it means to consumers in this deregulated marketplace. Today's consumer is very informed and gathers its information to make purchasing decisions in a manner that TAANZ can leverage on behalf of its members. The focus in the near term will be on redesigning TAANZ consumer messaging to promote professionalism and standards,

and, widen the scope and content of communication of travel information to consumers.

A deregulated industry

So successful has TAANZ self-regulation been that we often take for granted the relatively 'red tape free' environment we operate in. Other countries have, or aspire to achieve a similar state and TAANZ has been called upon to give guidance on these matters. The Commission Regime is a piece of delegated legislation that TAANZ is able to call upon when it pursues legal action and to fairly regulate how members conduct themselves when dealing with other parties. The Ministry of Transport has conducted a consultation under section 89 of the Civil Aviation Act. MOT is of the view the notice is outdated and should be repealed in its entirety. In response, TAANZ has strongly recommended the Commission Regime be retained in a

suitably abbreviated format. Our submission emphasise its importance to this industry – the need to maintain standards, professionalism, financial integrity and delegated legislation TAANZ can work with. We have submitted evidence to show that New Zealand can ill afford to permit an entire repeal and have reached out to MBIE for support on this matter.

NTIA

A sell-out crowd and 21 gongs for 21 deserving winners heralded the first fully TAANZ hosted National Travel Industry Awards. Work began almost immediately after the 2014 event was completed and we stand now on the eve of another celebration of success. Sponsors and supporters take a bow! We have an event programme which is the envy of other sectors and THE event for the distribution and suppliers. See you there.

Rule rules rules

Throughout the course of the year the Board has carefully deliberated on a number of rule changes. It supports an increase in the minimum accreditation level of selling consultants which supports professional standards. It supports an amendment to the current financial tiers for the purpose of Bonding financial reporting frequency and risk mitigation. It continues to consult with stakeholders on broker rules related to premises and advertising. We encourage members to attend the AGM to have their say on these important matters.



Andrew Olsen
CEO

THE TAANZ BOARD

PRESIDENT:

Mr Peter Barlow, MNZITT

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Chairman of Finance
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Mr Neil Gestro

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Ms Shelley Lancaster

Email: shelley@taanz.org.nz

BONDING AUTHORITY:

Mr Dan Williams, CA

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Mary Hall

SOLICITOR:

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AUDITOR:

Grant Thornton

Chartered Accountant
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BANKERS:

ANZ

LIFE MEMBERS:

Mr Andrew Bagnall, Auckland
Mrs Anne Bouterey, MNZITT, Christchurch
Mr Bob Christey, MNZITT, Hamilton
Mr Peter Cox, OBE, FNZITT, Napier
Mr Duncan Hamilton, OBE, ACA, FNZITT, Auckland
Mr James Langton, MNZITT, Auckland
Mr John Morrison, MNZITT, AFNZIM, Wellington
Mr Charles Spain, FNZITT, Auckland
Mr Tim Tapper, FNZITT, Auckland
Mr Peter Lowry MBE, LNZITT, Wellington
Mr Murray Tanner, Auckland

THE FUNDS, FINANCE AND CONSOLIDATION.

The TAANZ consumer fund has again provided coverage to consumers as a result of membership default. During the year under review the following claims, adjustments and repayments took place.

St Heliers Travel Limited t/as United Travel St Heliers.

Claims; Airlines \$0, Consumer \$235,736, Total claim including administration \$241,407.64. Recoveries of \$95,765.86 were made from securities held. TAANZ Bonding Authority Auditors Grant Thornton noted an additional recovery of \$47,000 may be realised in the subsequent financial year.

No claims were made upon members by the airlines and the airline fund was not utilised in the 12 months to the end of May 2015.

TAANZ will take all reasonable steps, including where necessary court proceedings, to protect the TAANZ Bonding Scheme, TAANZ reputation and to recover moneys it is required to pay out on claims against the Bonding Fund. The scheme provides consumers and airlines with adequate cover in the event of the failure of one of its members and is unique. To maintain this scheme all members should take every precaution to ensure that they mitigate risk and maintain the membership and bonding criterion at all times.

TAANZ Revenue and Expenditure

TAANZ has historically operated performance statements for TAANZ and the operations performed by the Secretariat, and for the administration of the Bonding scheme. In this last audit it was determined by Grant Thornton that, as TAANZ was the legal entity holding the bank accounts, the IRD number etc. the performance of the overall business should be consolidated into a

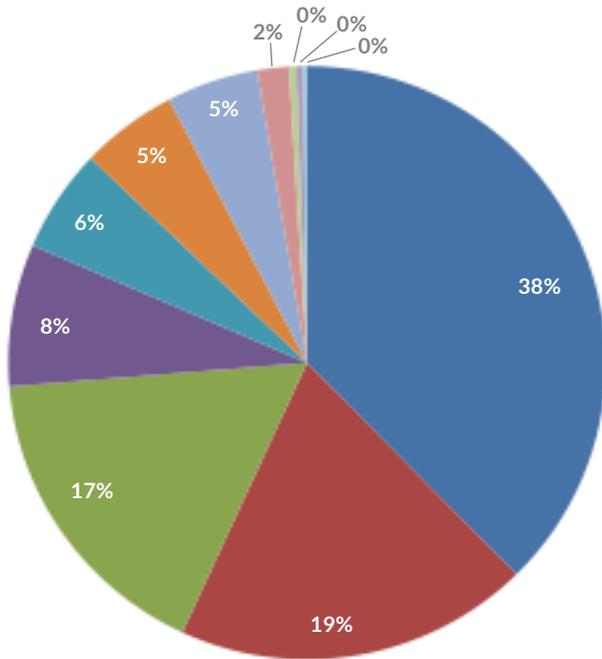
single set of accounts for the group, supplemented by separate performance reporting of its entities. In the last year TAANZ itself budgeted for a small pre-tax loss of (\$517.00) and produced a small pre-tax surplus for the year of \$2,545. Subscription and application income was \$20,693 above budget somewhat compensating for the absence of marketing and sponsorship income in the prior year. Overall normalised expenditure (net of NTIA income and Bonding receivables) was 3.6% higher than the prior year but below budget by 0.7% and accounted for by increases in Directors' fee related to additional APJC and Board commitments, overall Secretariat expenditure and legal and professional fees incurred in the finalisation of the Airline Agreement and government consultation.

TAANZ Bonding's overall performance was set back by the claim arising on the consumer fund. Income was \$8,562 ahead of 2014. Bonding administration expenditure increased by \$15,300 principally due to increased workload and the security and indemnity resets arising from the improved trading conditions of members.

On a consolidated basis TAANZ accumulated funds for the year were \$3,084,803 and a pre tax claim adjusted result of (\$43,851).

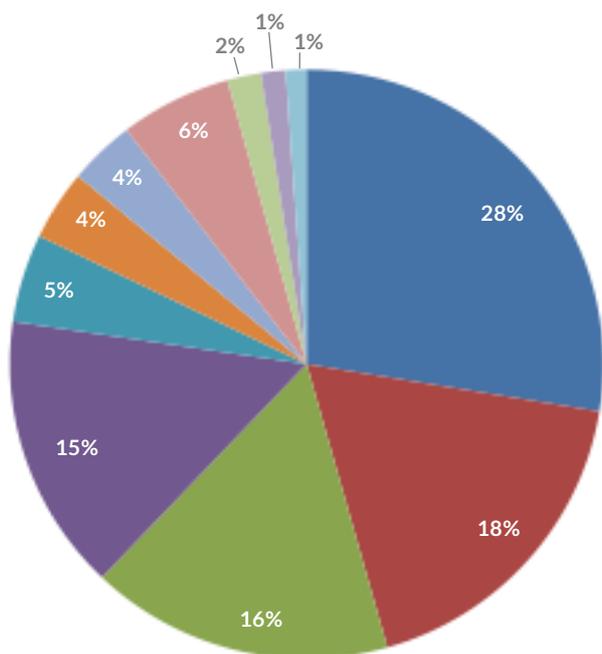
Refer to page 12 for financial statements for the Association and for the Authority.

TAANZ consolidated accounts – Income



- Subscriptions & Entrance Fees
- NTIA Awards
- Interest & Dividends Received
- Airline Contributions – Bonding Administration
- Approved Sales Persons Levy
- Bonding Levies – Establishment
- Bonding Levies – Members
- Unrealised gain on investments
- Office recoveries & Other income
- Late Accounts – Fines

TAANZ consolidated accounts – Expenditure



- Tourism House Administration & Salaries
- NTIA Awards
- Bonding Authority Administration Expenses
- Claims & Expenses Net
- President's & Directors' Services/Fees
- Legal & Professional Fees
- WTAAA / UFTAA Subscriptions & Meetings
- Other expenditure
- Travel Expenses
- Meeting & Board Expenses
- Audit Fees

TRAVEL AGENTS' ASSOCIATION OF NZ INC AND TRAVEL AGENTS ASSOCIATION OF NZ INC BONDING SCHEME

CONSOLIDATED FINANCIAL STATEMENTS *FOR THE YEAR ENDED 31 MAY 2015*

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Independent Auditor's Report

Audit

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To the Members of Travel Agents Association of NZ Inc Group

We have audited the financial statements of Travel Agents Association of NZ Inc Group on pages 4 to 9, which comprise the statement of financial position as at 31 May 2015, and the statement of comprehensive income, statement of movement in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board Members' responsibilities

The board members are responsible for the preparation of financial statements in accordance with generally accepted accounting practice in New Zealand and for such internal control as the board members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that present fairly the matters to which they relate 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 entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the financial statements.



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

Our firm carries out other assignments for Travel Agents Association of NZ Inc Group in the area of taxation advice. The firm has no other interest in the Travel Agents Association of NZ Inc Group.

Opinion

In our opinion, the financial statements on pages 4 to 9 present fairly, in all material respects, the financial position of Travel Agents Association of NZ Inc Group as at 31 May 2015, and its financial performance, for the year then ended in accordance with generally accepted accounting practice in New Zealand.

Grant Thornton New Zealand Audit Partnership
Wellington, New Zealand
10 August 2015

**TRAVEL AGENTS ASSOCIATION OF NZ INC
AND TRAVEL AGENTS ASSOCIATION OF NZ INC BONDING SCHEME**

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 MAY 2015**

<u>INCOME</u>	2015 \$	2014 \$
Airline Contributions - Administration & Insurance	72,274	92,354
Approved Sales Persons Levy	52,600	51,500
Bonding Levies - Establishment	49,000	49,000
Bonding Levies - Members	46,150	46,675
Subscriptions & Entrance Fees	350,924	354,245
Sponsorship & Commissions -Telecom	0	15,000
Interest & Dividends Received	157,256	121,171
Unrealised gain on investments	16,028	12,813
Realised gain on investments	2,000	1,456
Office recoveries & Other income	3,751	79,136
NTIA Awards	179,320	0
Late Accounts - Fines	3,250	4,250
Total Income	932,552	827,601
 EXPENDITURE		
Annual Report / Annual General Meeting	2,164	3,108
Audit Fees	10,954	9,900
Airline Negotiations	-	990
Bonding Authority Administration Expenses 2	159,848	144,548
Brokerage Fees	272	779
Claims & Expenses Net 3, 14	147,237	65,962
Depreciation 5	753	1,537
Directory & Information Guide	6,000	6,000
Computer Expenses / General Expenses / Bank Fees	864	1,177
Insurance	4,305	4,404
Kindred Association Conferences / Meetings	7,963	4,141
Legal & Professional Fees 2	37,341	27,089
Marketing	452	1,845
Meeting & Board Expenses	12,850	16,435
Members Workshops / Seminars	4,234	10,000
Tourism House Administration & Salaries	267,102	261,979
NZITT Expenses	1,219	907
Postage	3,413	3,036
President's & Directors' Services / Fees	47,023	57,717
Printing & Stationery	3,332	5,017
Subscription/Conference TIANZ	1,317	1,220
Subscriptions / Publications	986	2,063
TAAANZ Website / Internet	2,480	2,527
Telephone / Tolls / Faxes / Rental	4,438	4,102
Travel Expenses	17,825	18,295
WTAAA/ UFTAA Subscriptions & Meetings 10	34,943	34,881
Other expenditure	18,060	64,494
Research & Special Project	2,489	2,643
NTIA Awards	174,717	-
Loss on sale of shares	1,823	-
Unrealised profit on investment	-	7,600
	976,404	764,396
 Taxation Expense	 (36,258)	 (27,462)
(DEFICIT)/SURPLUS FOR YEAR	(80,110)	35,741

This statement should be read in conjunction with the accompanying notes and the auditor's report



TRAVEL AGENTS ASSOCIATION OF NZ INC

STATEMENT OF MOVEMENT IN EQUITY
FOR THE YEAR ENDED 31 MAY 2015

	Retained Earnings	The Airline/ Consumer Fund	Accumulated Earnings
	\$	\$	\$
2014			
Opening Balance 1 June	2,379,171	750,000	3,129,171
Net Surplus for the period	35,742	-	35,742
Funds Received for Claims	(170,000)	170,000	-
Funds Paid to/(out) for Claims (& assoc. costs)	235,962	(235,962)	-
Transfer (to)/from Airline Fund	(65,962)	65,962	-
Closing Balance 31 May 2015	<u>2,414,913</u>	<u>750,000</u>	<u>3,164,913</u>
2015			
Opening Balance 1 June	2,414,913	750,000	3,164,913
Net Deficit for the period	(80,110)	-	(80,110)
Funds Received for Claims	(95,766)	95,766	-
Funds Paid to/(out) for Claims (& assoc. costs)	243,003	(243,003)	-
Transfer (to)/from Consumer Fund	(147,237)	147,237	-
Closing Balance 31 May 2015	<u>2,334,803</u>	<u>750,000</u>	<u>3,084,803</u>

This statement should be read in conjunction with the accompanying notes and the auditor's report

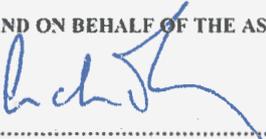


**TRAVEL AGENTS ASSOCIATION OF NZ INC
AND TRAVEL AGENTS ASSOCIATION OF NZ INC BONDING SCHEME
CONSOLIDATED FINANCIAL STATEMENTS**

**STATEMENT OF FINANCIAL POSITION
AS AT 31st MAY 2015**

		2015	2014
<u>ACCUMULATED FUNDS</u>	<u>Notes</u>	\$	\$
Balance at the beginning of the year		3,164,913	3,129,171
Net (Deficit)/Surplus for the year		<u>(80,110)</u>	<u>35,742</u>
TOTAL ACCUMULATED FUNDS		<u>3,084,803</u>	<u>3,164,913</u>
 REPRESENTED BY:			
CURRENT ASSETS			
Bank Current Account		186,468	221,256
Bank Call Accounts		203,279	114,011
Term Deposits		2,378,260	2,376,081
Members Deposits - BNZ Term Deposits	7	3,761,834	3,524,498
Accounts Receivable		6,529	15,511
GST Receivable		7,946	6,449
Tax Refund		-	4,659
Prepayments		22,043	56,684
Accrued Income		<u>102,040</u>	<u>20,475</u>
Total Current Assets		6,668,399	6,339,624
 CURRENT LIABILITIES			
Accounts Payable		14,037	34,262
Income in Advance		126,000	141,000
Accruals		29,149	27,819
Tax payable		2,248	-
Members Deposits and Interest	7	3,821,339	3,524,498
Total Current Liabilities		<u>3,992,773</u>	<u>3,727,579</u>
WORKING CAPITAL		<u>2,675,626</u>	<u>2,612,045</u>
 NON CURRENT ASSETS			
FIXED ASSETS	5	777	1,529
 INVESTMENTS			
	6		
Air New Zealand Shares		598	438
RaboBank Securities		142,200	139,875
CBA Preference Shares		-	198,000
Air New Zealand Bonds		-	155,886
Kiwibank Capital Funding		102,500	55,080
Mighty River Power Bonds		161,043	-
Canterbury Mortgage Trust		2,060	2,060
Total Investments		<u>408,400</u>	<u>551,339</u>
Total Investments		<u>408,400</u>	<u>551,339</u>
Net Assets		<u>3,084,803</u>	<u>3,164,913</u>

FOR AND ON BEHALF OF THE ASSOCIATION



 14th August 2015

Chief Executive

Dated

This statement should be read in conjunction with the accompanying notes and the auditor's report



TRAVEL AGENTS ASSOCIATION OF NZ INC
AND TRAVEL AGENTS ASSOCIATION OF NZ INC BONDING SCHEME

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2015

1. STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

The Travel Agents Association of New Zealand Incorporated (the Association) is registered under the Incorporated Societies Act 1908. The Travel Agents Association of NZ Inc Bonding Scheme (the "Bonding Scheme") is the financial regulatory body for TAANZ members. Together referred to as the Group.

DIFFERENTIAL REPORTING

The Group qualifies for differential reporting as it is not publicly accountable and it is not large as defined by the Framework for Differential Reporting. The Group has applied all the differential reporting exemptions available to it, with the exception of FRS 19 *Goods and Services Taxes* with which it has fully complied.

BASIS OF PREPARATION

These financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand. They comply with approved Financial Reporting Standards (FRSs) and Statements of Standard Accounting Practice (SSAPs) as appropriate for entities that qualify for and apply differential reporting concessions.

BASIS OF CONSOLIDATION

The Group financial statements consolidate those of the parent entity, The Travel Agents Association of New Zealand Incorporated, and its subsidiary, The Travel Agents Association of New Zealand Inc Bonding Scheme for the year ending 31 May 2015. Subsidiaries are all entities over which Group has the power to control the financial and operating policies. In preparing the consolidated financial statements, all inter entity balances and transactions arising within the consolidated entity are eliminated in full.

MEASUREMENT BASE

The measurement base adopted is that of historical cost with the exceptions that fixed interest investments, other than term deposits, are shown at market value as at the reporting date.

SPECIFIC ACCOUNTING POLICIES

The following specific accounting policies which materially affect the measurement of financial performance and financial position have been applied:

Revenue

Membership and interest income is recognised on an accruals basis. Dividend income is recognised on a cash basis.

Accounts Receivable:

Accounts receivable, are valued at estimated net realisable value.

Goods & Services Tax:

The financial statements have been prepared on a GST exclusive basis, with the exemption for Accounts Payable and Receivable which are GST inclusive.

Fixed Assets:

Fixed assets are recorded at historical cost less allowance for accumulated depreciation.

Depreciation:

Depreciation is calculated on straight line basis at rates that will write off the cost of assets over their estimated useful life, which are as follows:

Office & Computer Equipment	2-5 years
Furniture & Fittings	5 years

Taxation:

Provision has been made for taxation at 28% on taxable income derived from interest and other income.

Changes in Accounting Policies:

There have been no changes in accounting policies during the year.

2. ADMINISTRATION COSTS

It is expected that 50% of the 2015 administration costs relating to the Bonding Scheme will be recovered from the airlines (2014: 50%).

These notes form part of the Financial Statements.



**TRAVEL AGENTS ASSOCIATION OF NZ INC
AND TRAVEL AGENTS ASSOCIATION OF NZ INC BONDING SCHEME**

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MAY 2015**

3 NET CLAIMS & EXPENSES

Member	Net cost / (income) 2015	Net cost / (income) 2014
Greenwoods Corner Travel (note 1)	1,595	65,962
United Travel St Heliers (note 2)	145,642	
	<u>147,237</u>	<u>65,962</u>

(note 1) This \$65,962 is made up of \$170,000 received from Greenwoods bond, less \$200,000 paid to IATA and \$35,962 from claims paid out
(note 2) This \$147,237 is made up of \$95,666 received from United Travel St Heliers bonds and other securities, less \$235,736 paid to Stella who agreed to honour bookings and the costs associated with these transactions.

4 TAANZ AIRLINE AGREEMENT

In the TAANZ IATA RESTATED AMENDED Agreement, the TAANZ Board accepted a proposal to separate the airline fund (\$500,000) and the Consumer Fund (\$250,000). The overall amount held by TAANZ for these protection arrangements remains unchanged. This has been accepted by IATA. The change to the agreement will be made when it is renewed.

5 FIXED ASSETS

	2015			2014			Depn	Depn
	Cost	Accum Depn	Book Value	Cost	Accum Depn	Book Value	2015	2014
	\$	\$	\$	\$	\$	\$	\$	\$
Office Equipment	99,354	98,577	777	99,354	97,824	1,530	753	1,537
Furniture & Fixings	2,051	2,051	-	2,051	2,051	-	-	-
Leasehold Improvements	14,759	14,759	-	14,759	14,759	-	-	-
	<u>116,164</u>	<u>115,387</u>	<u>777</u>	<u>116,164</u>	<u>114,634</u>	<u>1,530</u>	<u>753</u>	<u>1,537</u>

6 SHARES & FIXED INTEREST INVESTMENTS

All Shares and Investments are shown at market value.

	Number	2015	2014
Air New Zealand	200 shares	\$598	\$438
Rabobank Nederland	150,000 bonds	\$142,200	\$139,875
CBA Preference shares	200,000 shares	-	\$198,000
Air New Zealand Bonds		\$0	\$155,886
Kiwibank Capital Funding (note 2)	100,000 notes	\$102,500	\$55,080
Mighty River Power Bonds	150,000 bonds	\$161,043	
Canterbury Mortgage Trust (note 1)		\$2,060	\$2,060
		<u>\$408,401</u>	<u>\$551,339</u>

(1) Canterbury Mortgage Trust has appointed a Manager to wind up the Trust. The first capital payment of 40% was made in April 2009. Unitholders have been receiving pro-rata repayments of capital from the Manager and Trustee as they are able. All other Investments are shown at market value.

(2) Kiwi Capital callable preference shares were called on 4 May 2015 for \$1.00 per share. The funds were topped up to \$100,000 and invested in a new issue of Kiwi Capital Funding Ltd's capital notes on 27th May 2015.

7 CASH BONDS

The funds from members who have provided a cash bond are shown as investments totalling \$3,761,834 (2014: \$3,524,498). The corresponding liability including interest owed at the reporting date to such members is \$3,821,339 (2014: \$3,524,498), which includes \$59,505 accrued interest.

These notes form part of the Financial Statements.

**TRAVEL AGENTS ASSOCIATION OF NZ INC
AND TRAVEL AGENTS ASSOCIATION OF NZ INC BONDING SCHEME**

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MAY 2015**

8 LEASE COMMITMENTS

Tourism and Travel House

The Association has a commitment to lease the office premises until 30 September 2019 (6 years). The rent from 1 April 2013 is \$2,858.92 per month. The Association also has a commitment to lease a photocopier for \$270 per month until November 2017.

	< 1 Year	1 - 2 Years	2 - 5 Years	Total
The commitments (excluding GST) are as follows	\$37,547	\$37,547	\$47,633	\$122,727

9 TOURISM HOUSE ADMINISTRATION & SALARIES

	2015	2014
	\$	\$
This is comprised of:		
Tourism House Lease/ Overhead expenses	37,213	33,373
Salaries including part time staff	203,765	201,855
ACC Levies	517	683
Other	-	-
	241,495	235,911
Less Recoveries	(14,393)	(13,932)
	227,102	221,979

10 WTAAA/UFTAA

Meaning: World Travel Agents Associations Alliance and United Federation of Travel Agents Associations.

11 CONTINGENT LIABILITIES:

There are no contingent liabilities at year end (2014: Nil).

12 CONTINGENT ASSETS

The TAANZ legal counsel advises that it is highly probable a recovery estimated at \$45,000 could be made (2014: No contingent assets).

13 RELATED PARTY TRANSACTIONS

The Association made purchases of \$28,895 (2014: \$34,733) with BCD Travel Limited in the year. BCD Travel is a related party through the Chairman of the Association. There is a nil balance outstanding as at 31/5/2015 (2014: \$1,357.34)

14 CAPITAL COMMITMENTS

There are no capital commitments at reporting date (2014: nil)

15 AUDITOR REMUNERATION

Total fees payable to Grant Thornton the auditor for the 2015 Financial Statements totalled \$10,400 (2014: \$10,100)

Fees Payable to Grant Thornton for Tax advice provided totalled \$1,620 (2014: \$1,500) for the period. This is included within legal and professional fees.

16 SUBSEQUENT EVENTS

The new TAANZ IATA agreement dated 17 June 2015 requires TAANZ now hold \$1,000,000 for the airline fund. The consumer fund remains unchanged. This change is effective from 1 January 2016.



THE TRAVEL AGENTS' ASSOCIATION OF NEW ZEALAND

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