



ANNUAL REPORT 2010



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	ITOC was Founded in	1971
	Full Member Tour Operators	36
	Allied Supplier Members as at 31 March 2010	198

OUR MISSION:

To unite all inbound tour operators for the purpose of marketing New Zealand as an internationally competitive tourist destination by promoting and arranging inbound travel of the highest standards through encouragement of development of services, facilities, training and education.

BOARD OF DIRECTORS AND SECRETARIAT

Left to right - back row: Kathy Turner, Mark Quickfall, Michael Hall, Anna Black, Stuart Neels, Marcus Keenan, Jim Monahan, Jenny Simpson

Front row: Geoff Yee, Paul Yeo, Brian Henderson, Dominic Cheng

Absent: Grant Lilly, Warren Harford)



PRESIDENT

Brian Henderson
Chief Executive Officer
Tourmasters South Pacific
AUCKLAND

VICE PRESIDENT

Kathy Turner
General Manager
AOT New Zealand
AUCKLAND

VICE PRESIDENT

Warren Harford
Managing Director
Agrodome
ROTORUA

REPRESENTING FULL TOUR OPERATOR MEMBERS

Anna Black

General Manager
General Travel NZ
AUCKLAND

Geoff Yee

Managing Director
GSN Travel
AUCKLAND

Michael Hall

General Manager
Southern Travelnet
AUCKLAND

Brian Henderson (President)

Chief Executive Officer
Tourmasters South Pacific
AUCKLAND

Jim Monahan

Managing Director
Travel Time South Pacific
HAMILTON

Stuart Neels

Managing Director
ATS Pacific
AUCKLAND

Dominic Cheng

Director
Winchester Travel
AUCKLAND

Kathy Turner (Vice President)

General Manager
AOT New Zealand
AUCKLAND

REPRESENTING ALLIED MEMBER SUPPLIERS

Mark Quickfall

Managing Director
Totally Tourism
QUEENSTOWN

Marcus Keenan

General Manager
Heritage Hotel
ROTORUA

Warren Harford (Vice President)

Managing Director
Agrodome
ROTORUA

CO-OPTED BOARD MEMBERS

Grant Lilly

Regional General Manager
New Zealand & Pacific
Qantas Airways
AUCKLAND

Jenny Simpson

Tourism Partnership Manager
Air New Zealand
AUCKLAND

LIFE MEMBERS

Keith Johnston

AUCKLAND

Blair Sheehy

AUCKLAND

Russell White

AUCKLAND

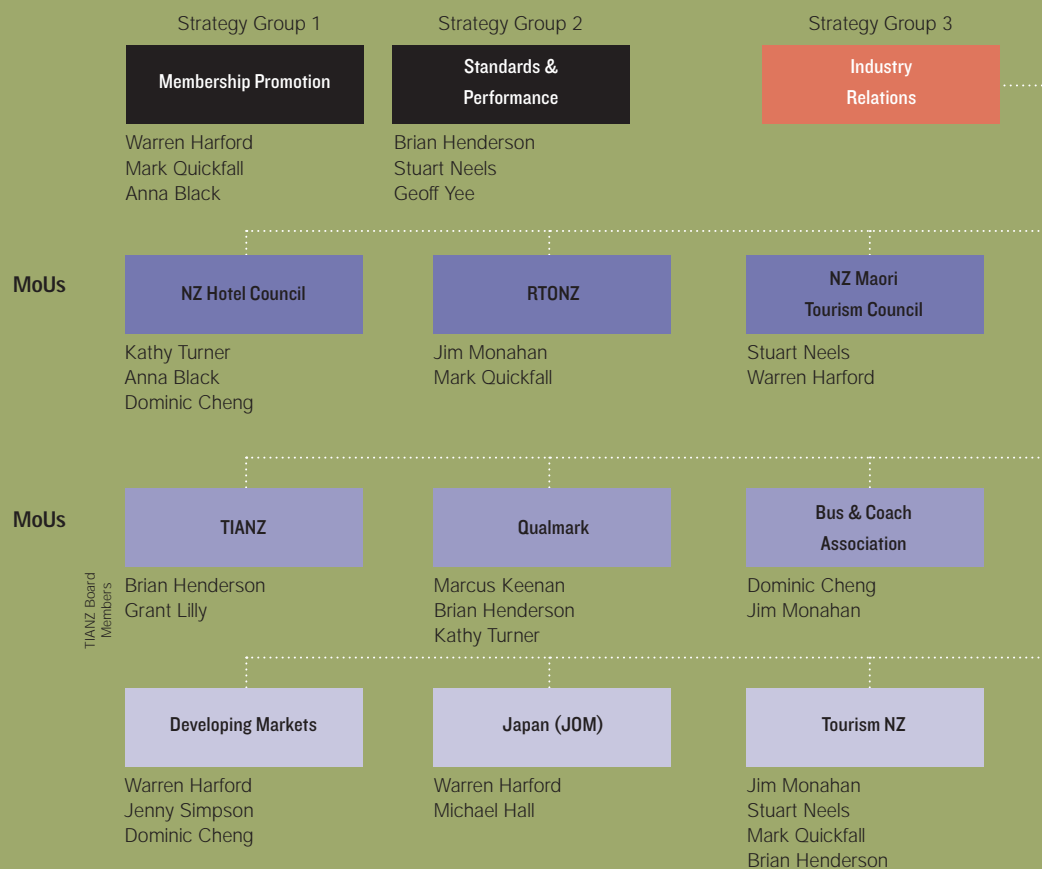
Michael Wiedemann

AUCKLAND

Peter Lowry

WELLINGTON

ITOC BOARD STRATEGY GROUPS



SECRETARIAT

Chief Executive

Paul Yeo

Executive Officer

Charlie Ives

Accountant

Tarsha Triplow

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Bankers

National Bank of New Zealand, Wellington

PRESIDENT'S REPORT

BRIAN
HENDERSON



As ITOC President I am pleased to present my third annual report.

Each of the last three years has been full of challengers for our industry that our members look for assistance with. Some come and go such as Swine Flu and Eyjafjallajökull, other reinvent themselves, like the Global Financial Crisis and stretch on. And still others seem to continue on and on like the Department of Conservation concessions and GST. At least this year considerable progress was made with the DoC and Bus & Coach Association concession and progress is being made to extend this further to meet the wider needs of ITOC's members. Despite everything the world can throw at us the Tourism Industry and ITOC appears strong and although times are still tough we are ready to give all visitors to New Zealand a quality and rewarding visit.

The issues surrounding GST increased considerably with the budget announcement that GST will as of 1 October 2010 increase to 15%. Unfortunately for political rather than practical reasons there has been a very short lead time on its introduction. This has created a diverse range of opinions and actions on how best to implement the change. Many of our members have to comply to their contracts with offshore buyers and the laws of their countries. The Minister of Revenue, Hon Peter Dunne has set up the GST Advisory Panel to assist all industries with the transition. ITOC and TIA have had a productive meeting with a panel member. Submissions will be made and dialogue will continue but it is difficult to see that at this late stage what relief they will be able to provide the Tourism Industry. The fact that customer relationships are important and that Tourism is the only export industry that pays GST still appears not to

be understood by many in the political arena. I am sure all industries will suffer costs in implementing the changes but Tourism in particular is going to be hit hard as many ITO's and operators alike absorb the increase on at least some of their business.

The other on-going battle is that of DoC concessions. With the start in July 2010 of the new DoC/BCA concession environment a considerable step forward has been made in this area and I wish to acknowledge Raewyn Bleakley and her negotiating committee from the Bus and Coach Association in securing a workable deal with DoC that at least now allows coaches on to DoC estate. Going forward ITOC will now negotiate for a concession that allows for tour escorts or guides to accompany their groups on short walks within the DoC estate.

We have now had a National Government in place for over a year and they are making many changes. Some highly publicised such as the increase in GST and some not so. Restructuring of various Government departments has been happening with the goal of cost saving. It would be unrealistic to not have expected the same with the Ministry of Tourism but for it to disappear altogether is of concern. Currently having the Prime Minister also as our Minister of Tourism is great for Tourism however if that did not continue next term would Tourism still have the same access and voice within Government it currently has? At our 2010 conference Liz McPherson from the Ministry of Economic Development will be speaking and I expect she will be able to give us more details on the role they will be carrying out.

Part of this review has also seen changes at Tourism New Zealand. At last year's conference we honoured George Hickton for all his success as the head of Tourism New Zealand and ten years of the 100% Pure New Zealand campaign. This year we will welcome Kevin Bowler to his first ITOC conference. They will be unveiling their latest strategies and research so we look forward to hearing from Kevin and his plans and expectations for visitor growth in the coming years.

Overall despite the challengers ITOC remains your strong advocate at the business end of Tourism. Despite the financial challenges all our businesses are under the total allied membership has remained stable and

although full membership has fallen slightly we have several applications currently being processed which will see full membership increase once again. It has also been pleasing to see strong interest from our members wishing to contribute their time and experience on the ITOC board. So again this year we have an election for full members and also allied representation. But despite that for ITOC to remain a strong organisation it must remain relevant to its members and responsive to their needs, in particular given the changes in distribution that are happening in this electronic age. The ITOC board this year undertook a strategic review of its role in the Tourism Industry. Consultation of this review will be held soon, commencing with full members and a final strategic plan determined by the incoming board.

Finally I must give thanks to the ITOC board for the last twelve months for the input and support that they have given ITOC and myself as President. I would like to acknowledge those board members who are not standing again this year - Jim Monahan and Kathy Turner representing full members and Warren Harford, Mark Quickfall and Marcus Keenan representing allied members. In particular I would like to thank Warren who has served 18 years on the ITOC board and was instrumental in convincing me to become involved with ITOC. Mark has also been a longstanding member and has served on the board for 15 years. I wish Kathy Turner well with the imminent birth of her third child and I am sure we will see her standing for the ITOC board in the future.

Lastly but certainly not least Chief Executive Paul Yeo has done an outstanding job keeping ITOC running behind the scenes. His administrative skills are valued and so to his political awareness and ability to ensure ITOC's presence in the corridors of Wellington are to everyone's benefit. So thanks to Paul and also the support he has from Charlie and Anne.

So I look forward to catching up with you all at conference 2010 in Marlborough and we can discuss the imminent growth and profitability of New Zealand's largest industry.

A stylized, handwritten signature of Brian Henderson in dark ink.

Brian Henderson

President

CHIEF EXECUTIVES REPORT - THE YEAR IN REVIEW

PAUL
YEO



I am pleased to present my annual report as Chief Executive of ITOC.

This year has been one of the most difficult trading years ever for many of our members. The ripple effects of the Global Financial Crisis effected overseas visitor numbers from most of our markets and placed the tourism industry under a great deal of stress. However in general most businesses weathered the storm better than anticipated and by early 2010 there were positive signs on the horizon as global markets slowly improved.

Despite the difficult trading environment ITOC began the 2009/10 year with a clear proposition for current and prospective Full Member inbound tour operators with our new requirement for Qualmark endorsement. All Full Members are now fully compliant and ITOC is committed to improving quality standards at a national level.

The GST on margins issue once again dominated the entire year and while new legislation in late 2009 appeared to clarify the matter it still left issues of competitiveness unresolved. With an increase in GST due in October 2010 it leaves the inbound tour industry in a precarious position.

The following report provides more details on these issues as well as other areas of activity during the year:

FINANCE

This year annual membership fees were unchanged. Membership fees for Full inbound tour operators continued to include TIA membership fees and the annual Qualmark licence fee. However the Entrance Fee for new Full Members was reduced from \$1,000 to \$100, the same as for Allied Members.

Subscription income decreased slightly from \$215,320 in the 2008/2009 financial year to \$211,317 in the 2009/2010 year.

Good conference revenue coupled with increased investment returns brought our total income to \$283,042, just down on the previous year's \$297,512.

Overall expenditure amounted to \$246,056, well down on the previous year which resulted in a surplus of \$36,986, an increase from the \$21,994 surplus in 2009 and ahead of the budgeted \$5,600 surplus.

Much of this is due to the way Qualmark licence fees are accounted for across our financial year and this may negatively affect the following year's results.

Net assets now stand at \$170,604 with the Association being in the best financial position in its history.

STRATEGIC FOCUS

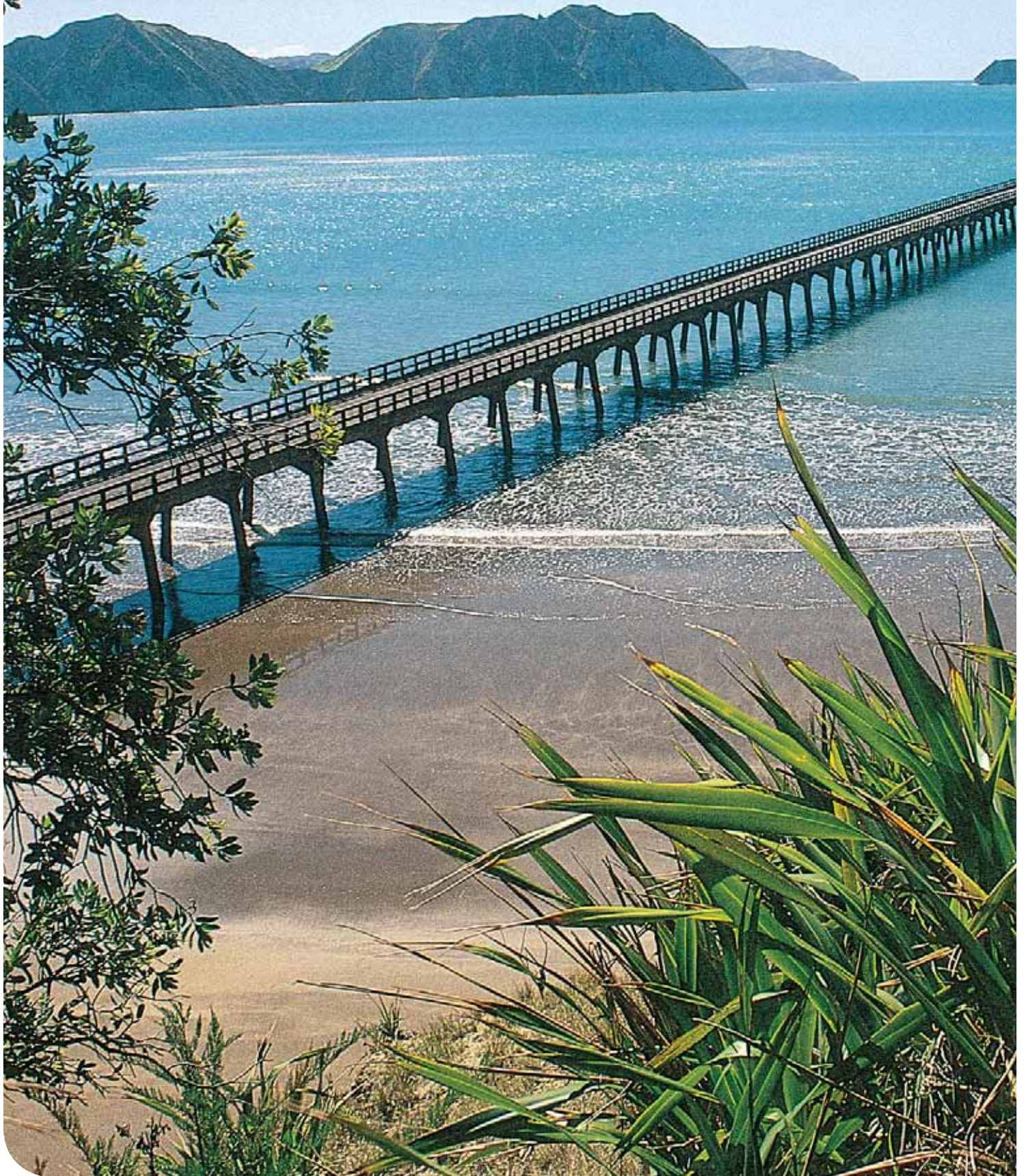
The previous year had seen a major political change with the new Government naming the Prime Minister as Minister of Tourism as well as having a senior Minister as the Associate. Having the Prime Minister responsible for the Tourism portfolio was recognition of the importance tourism plays in our economy and the opportunities that lie ahead and was an indication that National had taken notice of the Tourism Election Manifesto produced by TIA and supported by ITOC.

ITOC's Briefing to the Incoming Minister concentrated on issues specific to our core Full Membership:

- Zero rating of GST on inbound tour operator facilitation fees
- More marketing for new and emerging markets
- Department of Conservation concessions that disadvantage bus and coach operators
- Immigration requirements for tour escorts/leaders

By the end of the current period under review the former issue had been well and truly canvassed, to no-one's great satisfaction and GST was about to rise to 15%. However additional funding for Tourism New Zealand was in the wind and a new strategy appeared to lend itself to more partnership marketing possibly including new and emerging markets. A national concession had been finalised between the Bus & Coach Association and DoC and a separate one was about to be discussed with ITOC. Immigration issues remained unresolved but weren't causing undue difficulties.

**“Thanks Gisborne”
ITOC CONFERENCE 2009**



Strategically ITOC continued to support our national body, the Tourism Industry Association, whilst focussing on the inbound sector and the specific issues surrounding it.

The board undertook a strategic review in early 2010 resulting in the belief that ITOC does have a unique role to play in the New Zealand tourism industry but that role will only be relevant and of value (and the organisation viable) if ITOC's work programmes make a commercial difference to its members.

ITOC's core business is "stimulating tourism business" in the B2B space. In addition to developing and servicing commercial relationships between companies across the travel distribution chain, ITOC is committed to enabling its partners to enhance their business performance by driving for improvements in product and service quality that deliver better value to the end consumer and therefore the opportunity for better margins and advocating on behalf of its members when regulatory barriers and compliance costs impinge on business competitiveness.

The review identified a number of key issues that need to be addressed to lift ITOC's game and transform the ITOC offering and these will be canvassed with Full Members in the coming period with a view to making changes in membership criteria to provide greater representation and greater influence.

On an international level ITOC maintained a strong relationship with our Australian counterpart, the Australian Tourism Export Council (ATEC) as well as the Pacific Asia Travel Association (PATA) to provide a global perspective for our members.

This year five board meetings were held in Auckland (May), Gisborne (August), Wellington (October), Auckland (December) and Wellington/Masterton (February). Annual regional centre visits like the one to Masterton are combined with industry networking functions to strengthen ITOC's profile and raise the awareness of distribution in our industry. Assistance from Destination Wairarapa in arranging the Masterton visit was most appreciated.

MEMBERSHIP

At the end of the year under review ITOC consisted of 36 full inbound tour operator members (down 3 from the previous year, although several new applications were being processed) and 198 allied supplier members (up 1).

Whilst Allied Membership levels have remained stable we remain cautious as to the affects the economic climate will have on membership. The implementation of the Qualmark endorsement system has also led to a small reduction in the number of Full Members which hopefully will be reversed once they can meet the required standards and rejoin ITOC.

MARKETING AND PUBLICITY

Good communication is paramount to any successful trade

association and ITOC has always benefited from a strong networking culture. During the year our ITOC News email newsletters continued on a regular monthly basis and more emphasis was placed on our web site as a membership tool. Our annual ITOC Inbound Travel Directory remained the primary printed collateral for the organisation and was again included in the larger and more widely distributed Travel Industry Directory & Information Guide produced in conjunction with Traveltrade. The ITOC Inbound Travel Directory was again distributed to all overseas buyers attending the annual TRENZ trade exhibition.

ITOC also embraced social media during the year, launching a Facebook page and regular Twitter updates.

Annual Conference

The ITOC Conference was held in Gisborne for the first time ever during August 2009. Despite the tough economic times 210 delegates in total attended, including 22 local tourism operators who joined us for the Tourism New Zealand Market Update sessions.

Destination Marlborough was the successful bidder for the 2010 Conference which will be held at the Marlborough Convention Centre in Blenheim during August 2010.

Members Forums

Our members always value getting together to discuss issues, network and socialise. Our December Member Update and Christmas Networking Function that is now a firm part of the industry calendar each December in Auckland was again a great success with over 200 members and guests attending the event at SKYCITY.

Additional Full Member Forums to focus on issues facing inbound tour operator members also occurred in May (Auckland), August (Gisborne) and December (Auckland).

TRENZ

Over 150 ITOC Members exhibited at TRENZ in June 2009 in Auckland — that's around half of all exhibitors and two thirds of all ITOC members! In addition many ITOC Full Member Tour Operators were present as buyers.

Operator of the Year

We congratulate Distinction Luxmore Hotel Te Anau on being elected the ITOC Operator of the Year for 2009.

ITOC Full Member inbound tour operators nominate allied supplier members for the award. The board then assesses those nominated based on a points system and they choose three finalists. These finalists are then assessed by all Full Members and they vote for the winner. Other finalists were Canterbury Trails, Christchurch and Rainbow Springs Nature Park & Kiwi Discovery, Rotorua.

The management of Distinction Hotels received the annual

award at the ITOC conference in Gisborne.

During the year it was agreed that the awards should be broadened in 2010 by adding an ITOC Inbound Tour Operator of the Year Award that would be awarded to a Full Member inbound tour operator as voted for by Allied supplier members. This will be awarded for the first time at the ITOC Conference in August 2010.

New Zealand Tourism Industry Awards

In 2009 the New Zealand Tourism Industry Awards took place in a limited form and will return in 2010. We congratulate ITOC member Rainbow Springs Kiwi Wildlife Park who received the DOC Conservation in Action Award.

STANDARDS & PERFORMANCE

Membership & Financial Criteria

ITOC has now completed a second full year since changes were made to the ITOC Membership & Financial Criteria removing provisions for annual financial assessments of Full Members.

At the AGM in August 2009 some further changes were made to update the Personnel Qualifications criteria for full members. The Personnel Qualifications had remained unchanged for several years and featured a number of qualifications that were no longer current.

At a board strategy meeting in early 2010 further simplification of the criteria was discussed and this will be canvassed with full members ahead of a possible change in late 2010 by postal ballot.

QUALMARK

The beginning of the period under review marked the commencement of our new requirement that all Full Member inbound tour operators must be Qualmark accredited under the Inbound Tour Operators endorsed criteria.

All but four full members had fully completed the requirements by the due deadline. These four had the opportunity to attain the new standard over the past year and reclaim their membership status and one succeeded in doing so.

Since committing to Qualmark as a compulsory part of our full membership criteria ITOC believes that overall standards have improved and the benefits have been seen by both members and the wider industry alike.

GST Payment by Full Members

The issue surrounding the treatment by the Inland Revenue (IRD) of GST on margins charged by Full Members raged throughout another year without total resolution.

In February 2009 IRD had advised that they had reviewed the retrospective date for applying their new position and changed this from 1 January 2007 to 1 July 2007. Whilst this was

welcome news it did not meet our wish for the timing to be set at 1 April 2010 to allow for forward pricing changes.

At a meeting in March 2009 the Prime Minister had been sympathetic to our plight and gave a commitment to get a resolution 'one way or the other' in time to make an announcement at the ITOC conference in August 2009.

The Prime Minister attended conference and announced that the Government would introduce legislation to clarify GST on facilitation fees and that the 'time bar' date would be moved one year to 1 July 2008 after which GST would apply on margins.

The announcement that Government would introduce legislation to clarify GST on facilitation fees was welcomed as was the transitional provision for the year to 1 July 2008 which allowed all inbound tour operators to zero-rate facilitation fees charged to offshore tour operators for that period.

This shift to a new effective date twelve months further on was a significant financial relief for many members and left them in a much better position than before.

However a number of concerns remained about the future viability of inbound tourism operators in the face of overseas competition and the tax review that was then taking place.

ITOC considered it unfair that inbound tour operators that are owned offshore could still zero rate the facilitation fee on their New Zealand packages making it difficult for locally owned companies to compete.

Several of the largest inbound tour operators active in the New Zealand market are fully owned by overseas interests. Margins in our business are very thin and a pricing differential based on the GST component can be quite significant. ITOC remains concerned that some New Zealand inbound tour operators could either close down or relocate to Australia to better compete.

In September 2009 we wrote to the Prime Minister with these concerns as well as commenting on the effects of any possible increase in GST, noting that it would have a detrimental impact on inbound tour operators by increasing the cost of product to customers as well as by increasing the advantage that offshore inbound operators already have in zero rating their facilitation fees.

In October 2009 ITOC made a submission on the proposed GST legislation which was eventually passed in December 2009.

As well as ITOC itself a GST Action Group made up of a small number of ITOC and non-ITOC inbound tour operators continued to lobby Government for wider outcomes into 2010. Both groups were strongly supported by TIA.

When it was announced in the May 2010 Government Budget that GST would increase we commented that it would further highlight the price differential between New Zealand based inbound tour operators and their overseas counterparts,

drastically reducing our long term competitiveness and viability.

The short notice given ahead of the 1 October 2010 change would also cause difficulties.

INDUSTRY RELATIONS

MoUs

We have continued maintaining business relationships through Memorandums of Understanding with key business partners including those with the New Zealand Hotel Council (NZHC), Regional Tourism Organisations of New Zealand (RTONZ), the Tourism Industry Association of New Zealand (TIANZ), Qualmark and the New Zealand Maori Tourism Council (NZMTC). These MoUs are revisited annually to ensure they remain valid and provide value for both parties.

Under the terms of the RTONZ MoU we again participated in the annual ITOC/ITO Trade Day in Auckland, organised by Tourism Auckland during May 2009. This was very successful and attracted 25 RTO exhibitors and almost 100 ITOC Full Member product buyers and front-line staff.

RTONZ Secretariat

We are now into the third year of a close relationship between RTONZ and ITOC/TAANZ whereby the Secretariat provides services for RTONZ Executive Officer Charlie Ives who is located within the ITOC/TAANZ office sharing common office systems. The arrangement continues to work very well.

DoC National Concession

In 2007 the Bus and Coach Association signed a concession agreement with the Department of Conservation requiring coach operators to have a concession to operate on the DoC estate. Over the past two years this has been renegotiated and finally signed off at the end of the period under review.

All coaches now need to have a concession in place to drive on, park, disembark and embark passengers on DoC land. Because BCA has a collective concession it makes it easier for ITOC members to use BCA members when chartering coaches.

ITOC is now meeting with DoC to discuss wider guiding concessions which are outside the BCA concession. The likely outcome could see a national concession between DoC and ITOC which would cover guiding operations from coaches for short walks up to three hours in nominated locations. Such an outcome could provide ITOC members with a distinct advantage over non-members as the cost and time involved in negotiating individual concessions would be onerous. It is hoped that this can be finalised before the 2010 summer season.

Tourism New Zealand

ITOC continues to be fully supportive of Tourism New Zealand's efforts in the marketplace. Once again we appreciate the support Tourism New Zealand has shown ITOC particularly at

our annual conference where their Market Update sessions are a highlight.

2009 was a milestone year with the departure of long standing Chief Executive George Hickton. George was honoured at the ITOC Conference in Gisborne for his achievements.

At the end of the period under review ITOC welcomed incoming Chief Executive Kevin Bowler and a revised strategic direction for the organisation. It was particularly pleasing to note the increase in funding in the May 2010 budget for Tourism New Zealand. Acknowledging that TNZ has to carefully manage its limited resources ITOC continues to lobby for higher priority to be given to new and emerging markets and to promote joint venture initiatives between the private sector and government as one of the best ways to undertake measureable marketing activity overseas.

SECRETARIAT

ITOC continues to be served by several 'part-time' people in the Secretariat who all wear a multitude of different hats.

In total ITOC currently has a staffing level of 0.75 FTE split between two persons.

As Chief Executive I continue to work on a 50/50 basis split between ITOC and TAANZ. Charlie Ives continues his role as Executive Officer, sharing his time between RTONZ (half-time) and ITOC and TAANZ (equally sharing the other half).

Madeleine Alberts, our part-time Membership Services Executive, left during the year and was not replaced.

NZ Institute of Travel & Tourism Executive Officer Anne Reid, who works from our premises, provides occasional assistance to both ITOC and TAANZ.

TIA continues to provide accounting and IT support on contract which allows us to operate efficiently.

My thanks go to Madeleine, Anne and Charlie as well as ITOC President Brian Henderson and other board members for another year of continued support.

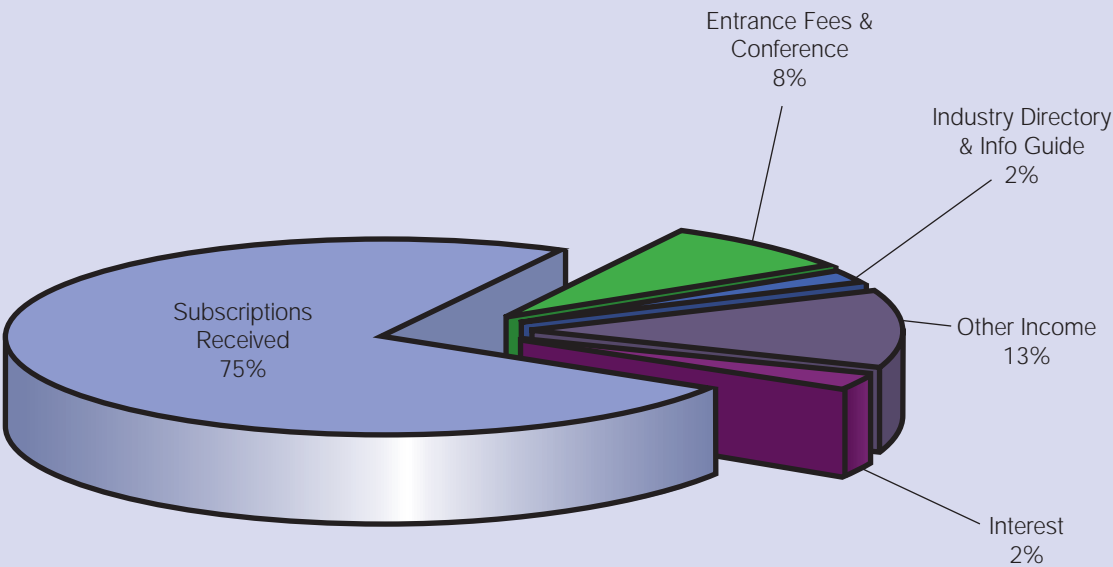


Paul Yeo

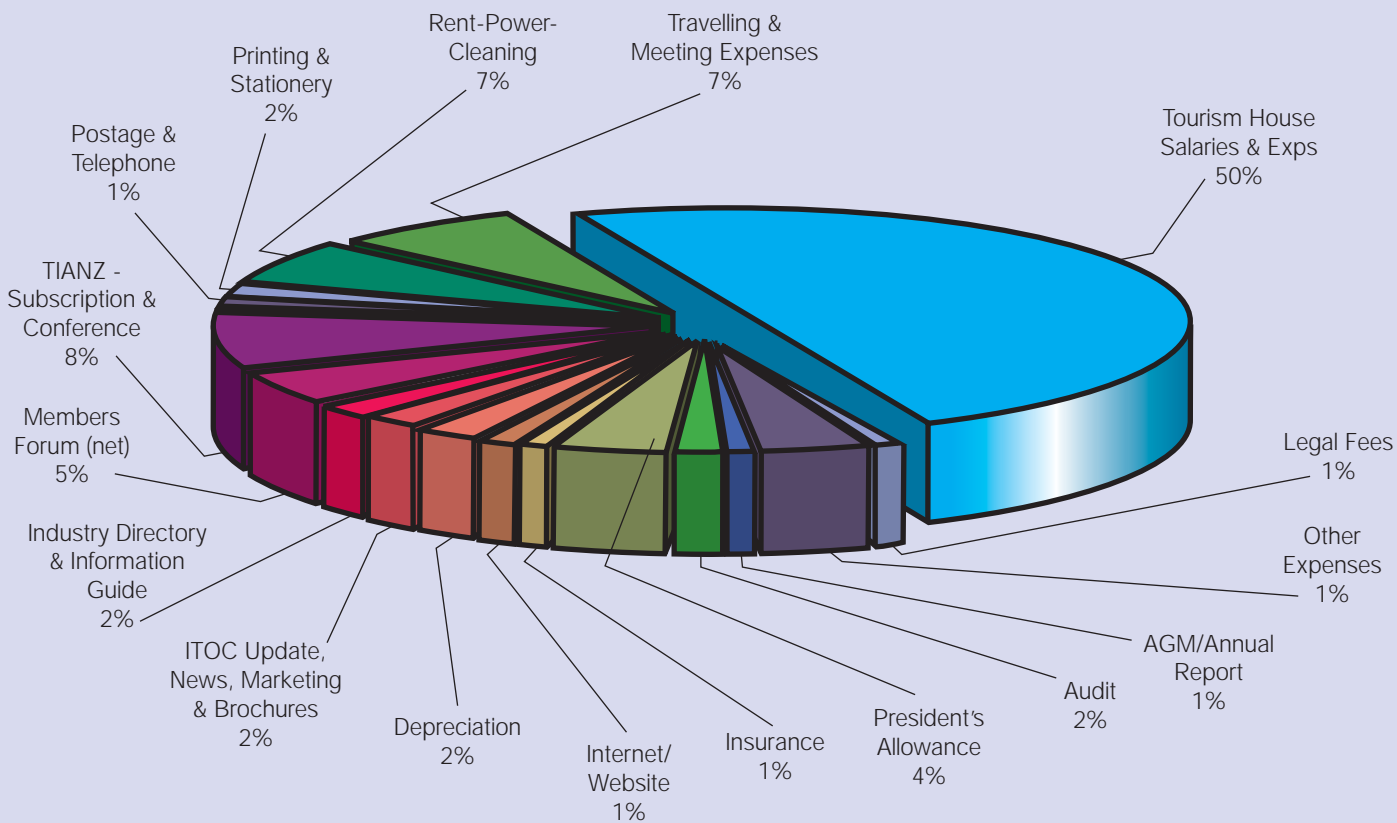
Chief Executive

ANNUAL ACCOUNTS

Where ITOC gets its income



How ITOC spends your fees





Grant Thornton

Audit Report

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To the Members of the Inbound Tour Operators Council of New Zealand Incorporated (ITOC)

We have audited the financial statements on pages 3 to 7. The financial statements provide information about the past financial performance of the Inbound Tour Operators Council of New Zealand (ITOC) and its financial position as at 31 March 2010. This information is stated in accordance with the accounting policies set out on page 6.

Council's Responsibilities

The Council are responsible for the preparation of the financial statements that fairly reflects the financial position of the ITOC as at 31 March 2010 and the financial performance for the year ended on that date.

Auditors' Responsibilities

It is our responsibility to express an independent opinion on the financial statements presented by the Council.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing

- the significant estimates and judgements made by the Council in the preparation of the financial statements; and
- whether the accounting policies used are appropriate to the ITOC's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand Auditing Standards. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Our firm carries out other assignments for the ITOC in the area of taxation advice. The firm has no other interest in the ITOC.

Unqualified Opinion

In our opinion the financial statements on pages 3 to 7 fairly reflect the financial position of the ITOC as at 31 March 2010 and the financial performance for the year ended on that date.

Our audit was completed on 14 July 2010 and our unqualified opinion is expressed as at that date.

Grant Thornton New Zealand Audit Partnership
Wellington, New Zealand
15 July 2010

Chartered Accountants
Member of Grant Thornton International Ltd

INBOUND TOUR OPERATORS COUNCIL OF NEW ZEALAND INCORPORATED

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31st MARCH 2010

INCOME		2010	2009
Subscriptions Received		211,317	215,320
RTONZ-Secretariat fee		29,750	27,969
Entrance Fees		1,400	3,500
Industry Directory & Info Guide		5,475	5,750
Conference			
Income	109,987		140,445
Less Expenses	<u>(87,759)</u>		<u>(108,163)</u>
Conference Surplus		22,228	32,282
Other Income	7,000		7,000
Interest Received	<u>6,688</u>		<u>4,915</u>
	13,688		11,915
Less Income Tax Expense	<u>(816)</u>		<u>776</u>
		12,872	12,691
		<u>283,042</u>	<u>297,512</u>
EXPENDITURE			
Advertising	1,213		1,000
AGM/Annual Report	2,397		2,289
Audit	3,850		3,389
Computer Expenses	1,733		1,722
Depreciation	5,459		5,234
Doubtful Debts	2,363		-
President's Allowance	10,000		10,000
Insurance	2,541		2,100
ITOC Internet / Website	3,341		3,484
ITOC Update, News, Marketing & Brochures	5,122		4,790
Bank charges & Interest Paid	120		45
Industry Directory & Information Guide	5,170		7,656
Legal Fees	2,044		2,881
Members Forum (net)	11,645		7,531
TIANZ - Subscription & Conference	19,248		21,486
Postage & Telephone	2,584		2,428
Printing & Stationery	4,292		3,100
Rent-Power-Cleaning	14,466		14,466
Qualmark Subscriptions	5,689		27,380
Special Projects	5,243		4,278
Tourism House Salaries & Expenses	119,333		125,847
Travelling & Meeting Expenses	16,995		22,796
TRENZ	1,208		1,616
Total Expenses		<u>246,056</u>	<u>275,518</u>
Net Surplus / (Deficit) for Year		<u>36,986</u>	<u>21,994</u>

The accompanying notes form part of these financial statements.

INBOUND TOUR OPERATORS COUNCIL OF NEW ZEALAND INCORPORATED

STATEMENT OF MOVEMENT IN EQUITY AS AT 31st MARCH 2010

MOVEMENTS IN EQUITY	2010	2009
Total recognised Revenues	283,042	297,512
Total recognised Expenses	246,056	275,518
Surplus / (Deficit) for Year	36,986	21,994
Balance at Beginning of year	133,618	111,624
TOTAL EQUITY	170,604	133,618

INBOUND TOUR OPERATORS COUNCIL OF NEW ZEALAND INCORPORATED

STATEMENT OF FINANCIAL POSITION AS AT 31st MARCH 2010

		2010	2009
	Notes		
CURRENT ASSETS			
Bank Current Account	5,989		30,497
Bank Call Accounts	1,629		5,671
Bank Term Deposits	130,712		80,000
Accounts Receivable	3,173		15,081
Accrued Income	669		375
Prepayments	19,225		2,221
GST Refund	4,907		293
Taxation Refund	2,222		1,791
		168,526	135,929
CURRENT LIABILITIES			
Accounts Payable	339		13,918
Provision for Doubtful Debts	2,363		-
Accruals	4,568		3,200
TOTAL LIABILITIES		7,270	17,118
WORKING CAPITAL		161,256	118,811
NON CURRENT ASSETS			
FIXED ASSETS	2	9,348	14,807
NET ASSETS		170,604	133,618
EQUITY		170,604	133,618

The accompanying notes form part of these financial statements.

FOR AND ON BEHALF OF THE COUNCIL

..... Chief Executive

Date:

INBOUND TOUR OPERATORS COUNCIL OF NEW ZEALAND INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

1 STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

The Inbound Tour Operators Council of New Zealand Association Incorporated is registered under the Incorporated Societies Act 1908. The Association qualifies for differential reporting as it is not publicly accountable and it is not large as defined by the Framework for Differential Reporting. The Association has applied all the differential reporting exemptions available to it.

The financial statements have been prepared in accordance with generally accepted accounting practice.

MEASUREMENT BASE

The measurement base adopted is that of historical cost. Accrual accounting is used to recognise revenues and expenses when they occur.

SPECIFIC ACCOUNTING POLICIES

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

Revenue

Income is recognised when invoiced and upon receipt.

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:

Fixtures & Fittings	5 years
Leasehold Improvements	6 years
Office Equipment	3 years

Financial Instruments (Cash and Short term deposits)

The Entity uses non-derivative financial instruments as part of its normal operations. These financial instruments include: bank accounts, term deposits and debtors. The entity does not use derivative financial instruments. All financial instruments are recognised in the Statement of Financial Position at their fair value.

Investments

Investments are valued at cost plus accrued interest. There is one Term Deposit with National Bank with a market value of \$130,712.

Fixed Assets

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

Leasehold Improvements relate to a 50% share of the cost of the office fitout for premises leased by the Travel Agents Association of NZ(TAANZ). Office expenses are shared equally by TAANZ and ITOC

Goods & Services Tax:

The financial statements have been prepared on a GST exclusive basis.

Related Party Transactions

Office space is shared with Travel Agents Association NZ, overheads are split between the organisations. An employee splits their time between the two organisations and a salary adjustment is made.

CAPITAL COMMITMENTS

There are no capital commitments at 31 March 2010 (2009 nil)

CONTINGENT LIABILITIES:

There are no contingent liabilities at year end (2009: Nil).

CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies which have been applied on bases consistent with those used in previous years.

TAXATION

Taxation has been provided on the income earned by the Association on transactions outside of it's membership. The Association is not liable for the tax on it's dealings with members.

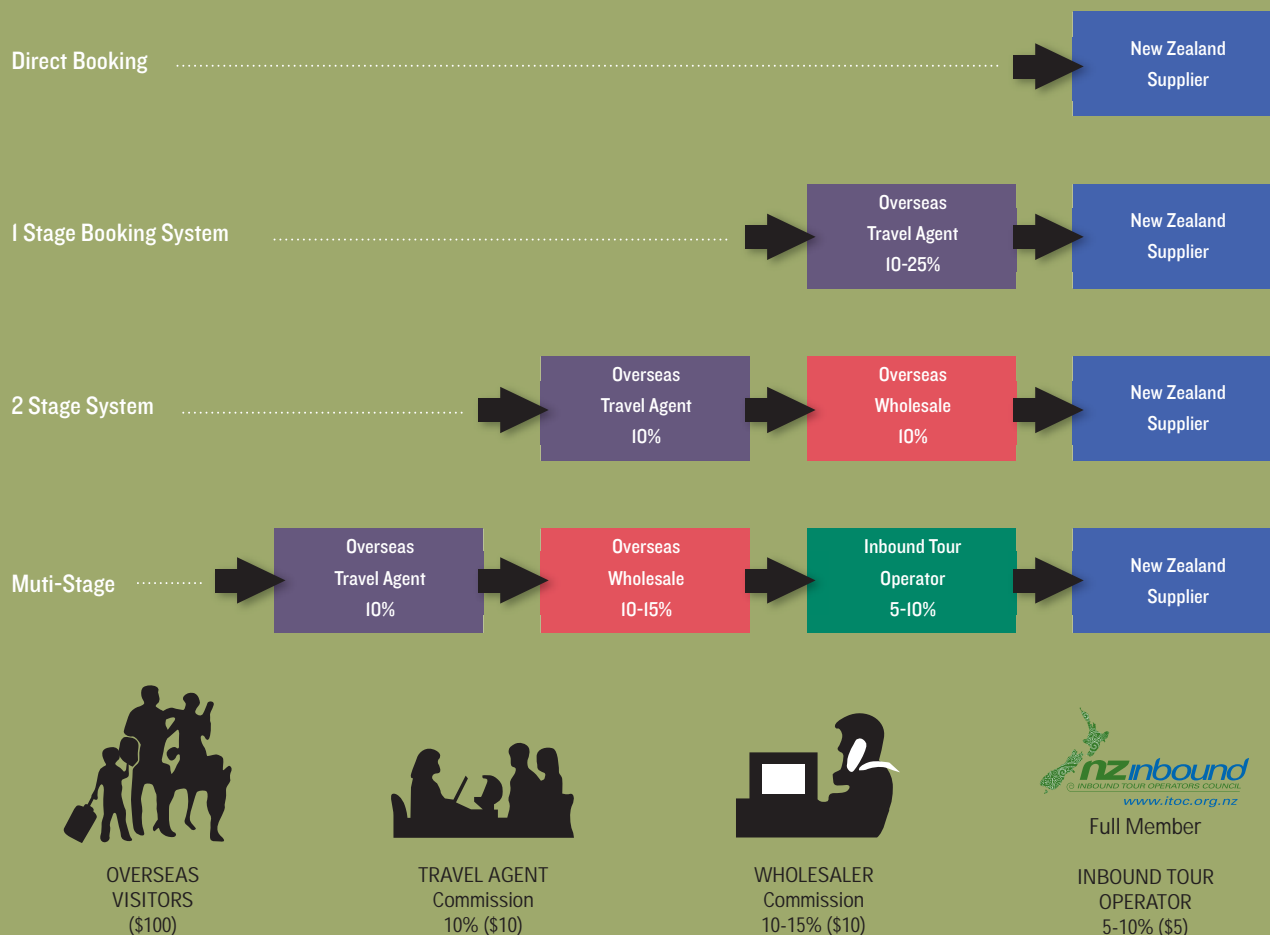
INBOUND TOUR OPERATORS COUNCIL OF NEW ZEALAND INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED
31st MARCH 2010

2 FIXED ASSETS

	2010				2009			
	Cost	Accum Depn	Book Value	Depn	Cost	Accum Depn	Book Value	Depn
	\$	\$	\$	\$	\$	\$	\$	\$
Fixtures & Fittings	8,446	6,345	2,101	1,689	8,446	4,656	3,790	1,689
Leasehold Improvements	14,760	8,574	6,186	2,509	14,760	6,065	8,695	2,509
Office Equipment	3,821	2,760	1,061	1,261	3,821	1,499	2,322	1,036
	<u>27,027</u>	<u>17,679</u>	<u>9,348</u>	<u>5,459</u>	<u>27,027</u>	<u>12,220</u>	<u>14,807</u>	<u>5,234</u>

These Notes form part of the Financial Statements

HOW DOES THE ITOC DISTRIBUTION SYSTEM WORK?



ITOC full members tour operators make regular sales calls on overseas wholesalers and travel agents and, through these new business relationships, they market the services and products of allied member suppliers on a preferred basis.

Although the marketplace is price-driven and very competitive, product suppliers include sufficient margin for full member tour operators to work the market effectively and to pay recognised commissions to wholesalers and travel agents overseas.

The ITOC full member is your "one stop shop" for marketing your products and services. They will provide you with business and save you time, cost and marketing effort in going to the market.

The ITOC Full member has the contacts, the knowledge and is your marketing arm to increase your business.

TEN REASONS FOR USING AN INBOUND TOUR OPERATOR:

1. Bookings made easy

It's as simple as sending an email or a fax. An Inbound Tour Operator in New Zealand will coordinate communication between New Zealand ground and air suppliers and provide the information you need - in a single package.

2. Local advice and planning

There is nothing like local knowledge. An Inbound Tour Operator will give you a first-hand view of the local scene. These are people who have travelled the length and breadth of the country, who stay in the same hotels they recommend and who fly regularly on New Zealand routes.

3. Service from people you trust

An Inbound tour Operator acts just like your own branch office in New Zealand. Your request takes top priority because an Inbound Tour Operator is virtually an extension of your business.

4. Specialised itineraries and incentives

New Zealand is fast becoming a popular destination for incentive programmes and specialised group tours. For these specific itineraries, an Inbound Tour Operator offers invaluable help in coordinating the many details that make for successful group travel.

5. Local guides and interpreters

An Inbound Tour Operator will arrange sightseeing with an experienced and knowledgeable guide in any New Zealand city or exciting resort and wilderness areas. Interpreters in many languages can also be booked through an Inbound Tour Operator.

6. Confidential agents tariffs and brochures

To allow you to quote and plan accurately, you will receive regular communications giving updates on tariffs within New Zealand.

7. Attractive volume rates

An Inbound Tour Operator can negotiate on your behalf with hotels and other suppliers for the best available rates.

8. Total coordination of tours

An Inbound Tour Operator will draw together the many aspects that make travel in New Zealand so rewarding. Many different travel combinations can be planned and organised to the last detail, to suit individual client requirements.

9. Up-to-date information

When changes occur, you will know about them. Inbound Tour Operators keep you informed about a range of topics that may have an effect on your business.

10. On-the spot handling of emergencies

Even the best planned travel can have problems. How much easier they are to solve when there is a capable person on the spot. Accidents, cancellations, loss or theft of belongings - these are just a few of the many situations that can be handled with maximum tact and a minimum of fuss by an Inbound Tour Operator.

