

TAANZ
TRAVEL AGENTS' ASSOCIATION
NEW ZEALAND

ANNUAL
REPORT
2011

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



2	Board of Directors
6	President's Report
8 - 11	Chief Executive's Report - The Year in Review

Financial Statements for TAANZ for the Year Ended 31 May 2011 including:

13	• Auditor's Report
14 - 15	• Statement of Financial Performance
16	• Statement of Movement in Equity
17	• Statement of Financial Position
18-20	• Notes to the Financial Statements

Financial Statements for TAANZ Bonding Scheme for the Year Ended 31 May 2011 including:

22	• Auditor's Report
23	• Statement of Financial Performance
24	• Statement of Movement in Equity
25	• Statement of Financial Position
26-28	• Notes to the Financial Statements
29	• Financial Pie Charts

TAANZ MEMBERSHIP FACTS

Founded 1962

Full Members 331

Additional Branch Locations 67

Allied Members 73

Total 471

Approved Sales Persons 431

Number of Selling Staff Employed by TAANZ Full Members

- Full Members and Branch Locations 2,430

Value of Travel Business Written by TAANZ Members

- Full Members and Branch Locations 2.15 billion (period reported Dec09 - Oct10)



TAANZ BOARD OF DIRECTORS 2010/2011



PETER BARLOW



ANDREW BOWMAN



MARK ABBOT



ANDREW OLSEN - CEO



ROSS MANSON



JOHN WILLSON



MURRAY TANNER

SECRETARIAT

Level 3, Tourism & Travel House
79 Boulcott Street
PO Box 1888, DX SX10033, Wellington 6140
Tel: (04) 496-4898, Fax: (04) 499-0786
Email: info@taanz.org.nz
Website: www.taanz.org.nz
www.travelagents.org.nz

CHIEF EXECUTIVE:

Mr Andrew Olsen. Post Grad. Dip.MNZITT
Email: andrew@taanz.org.nz

FINANCE MANAGER:

Ms Tarsha Triplow
Email: tarsha.triplow@taanz.org.nz

BONDING AUTHORITY:

Mr Dan Williams, CA
Level 11, Deloitte House, 10 Brandon Street,
PO Box 3251, Wellington 6140
Tel: (04) 473-4330
Fax: (04) 473-4331
Email: nztaanzbonding@deloitte.co.nz

ADMINISTRATION ASSISTANT:

Mary Hall

PRESIDENT:

Mr Peter Barlow, MNZITT
Director
BCD Travel NZ
43-47 Hanson Street, Mt Cook
PO Box 589, Wellington 6140
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VICE PRESIDENT:

Mr Andrew Bowman, MNZITT
Managing Director
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Level 4, 187 Broadway,
Newmarket, Auckland
DX CX10156 Auckland
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Fax: (09) 306-7778
Email: andrew@first-travel-group.co.nz

DIRECTORS:**Mr Mark Abbot, MNZITT**

Chairman of Finance
Representing House of Travel Holdings
C/- MDS Law - Barristers & Solicitors
334 LINCOLN ROAD ADDINGTON
CHRISTCHURCH
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Mr John Willson

General Manager United Travel
Stella Travel Services
Level 5, 66 Wyndham Street
PO Box 505, Shortland Street
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DX CR51001 Auckland
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Mr Murray Tanner

Legal Counsel
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SOLICITOR:

Mr AR (Andy) Marshall, LLB (HONS)
Gault Mitchell and Co
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Fax: (04) 471-0835
Email: arm@gaultmitchell.co.nz

AUDITOR:**Grant Thornton**

Chartered Accountant
Leve 13, AXA Centre
80 The Terrace
PO Box 10712, Wellington
Tel: (04) 474-8500
Fax: (04) 474-8509

BANKERS:

National Bank of New Zealand

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

PAST PRESIDENTS:

1962-64 Mr John F Beckett, FNZITT
1964-65 Mr George L Barker, MNZITT
1965-67 Mr Kenneth St John, MNZITT
1967-68 Mr Ron W Johnson, MNZITT
1968-71 Mr Okke Hansen, FNZITT
1971-73 Mr Malcolm G Scott, MNZITT
1973-75 Mr Duncan K Hamilton, OBE, FNZITT
1975-77 Mr Bob Alpe, MNZITT
1977-78 Mr Rodney Walshe, ONZM, FNZITT
1978-80 Mr Peter D Cox, OBE, FNZITT
1980-81 Mr Alan Spence, MNZITT
1981-83 Mr Lloyd Tremain, LNZITT
1983-85 Mr Richard Conway, MNZITT
1985-87 Mr Bob Christey, MNZITT
1987-90 Mr Charles Spain, FNZITT
1990-92 Mr Greg Miller, MNZITT
1992-94 Mr Peter Brandley, MNZITT
1994-96 Mr Tim Tapper, FNZITT
1996-98 Mr John Morrison, MNZITT, AFNZIM
1998-00 Mrs Anne Bouterey, MNZITT
2000-07 Mr James Langton MNZITT

EXECUTIVE DIRECTORS:

1962-68 Mr Jim P McDavitt
1969-76 Mr Monty F Foate, MNZITT
1976-78 Mr Albert McGowan, MNZITT

CHIEF EXECUTIVE:

1978-06 Mr Peter J Lowry, MBE, LNZITT
2006-2011 Mr Paul Yeo, MNZITT

10 YEAR MEMBERSHIP REVIEW

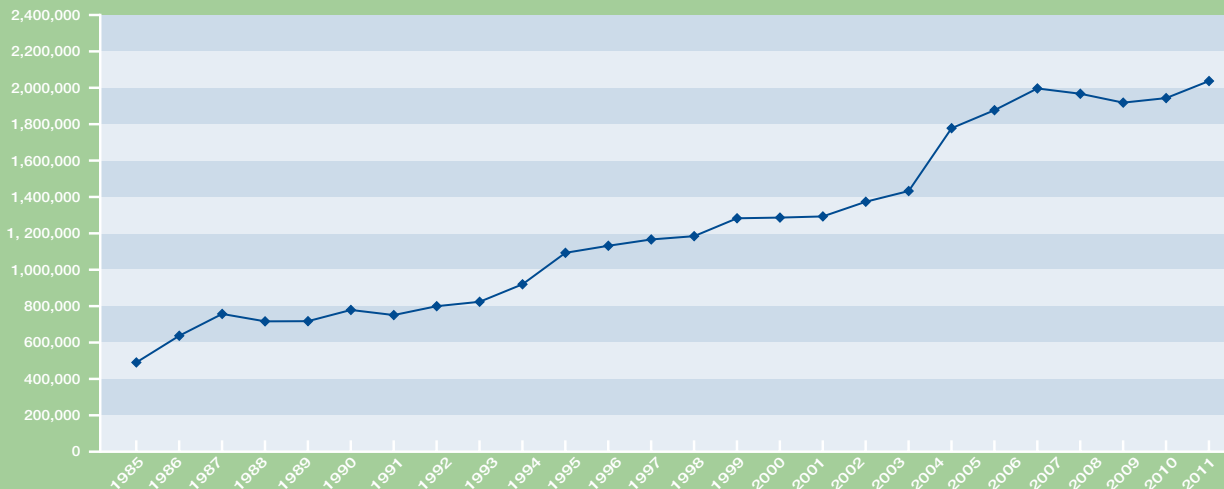
	MAY 2002	MAY 2003	MAY 2004	MAY 2005	MAY 2006	MAY 2007	MAY 2008	MAY 2009	MAY 2010	MAY 2011
FULL MEMBER HEAD OFFICES	409	401	402	416	400	396	380	364	342	331
FULL MEMBER BRANCH LOCATIONS	129	132	117	96	84	80	73	66	70	67
TOTALS	538	533	519	512	484	476	453	430	412	398
APPROVED SALESPERSONS	216	264	296	284	309	314	324	315	401	431
ALLIED SUPPLIER MEMBERS	112	105	103	100	96	92	83	79	77	73

25 YEARS OF GROWTH

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

1986	490,515	1993	799,659	2000	1,282,791	2007	1,996,314
1987	637,149	1994	823,834	2001	1,286,593	2008	1,967,100
1988	757,154	1995	920,107	2002	1,292,979	2009	1,918,300
1989	716,329	1996	1,092,879	2003	1,373,632	2010	1,943,330
1990	717,278	1997	1,131,682	2004	1,432,541	2011	2,037,091
1991	778,956	1998	1,166,418	2005	1,777,939		
1992	750,895	1999	1,184,510	2006	1,876,838		

TOTAL NZ RESIDENT DEPARTURES BY CALENDAR YEAR



PRESIDENT'S REPORT

PETER BARLOW



Always, as another year passes, I find myself reflecting on recent events.

No-one, across New Zealand, could have imagined the devastation that has befallen Christchurch and the incredible resilience of Cantabrians to cope with the effects on their lives personally, and professionally. Whilst the impact will be felt for some time I know that the people of Christchurch will take comfort that the nation feels their pain and will support the rebuild of this great City.

Natural and human disasters will always inhabit the fabric of our lives, and our industry, particularly, usually feels the effects. Consumer and commercial confidence is critical to our success and we have been battered again in recent years! That said, 2011 has seen a small gain in positivity and a returning confidence in the economy that again reflects how truly resilient we are.

Frankly, I had thought that the medium term effects of the GFC would have seen the greatest ever pressure on our bonding regime. That has not been the case and is reflective of the strength of our industry as much as the diligence of the bonding authority and their efforts in mitigating the risk of default.

This year TAANZ has, for the very first time, employed our own CEO. Andrew has already brought to the association significant working knowledge and professional experience that has had immediate impact. Our industry is a diverse and, at times, complicated business. Having a depth of understanding of this, the membership, our supply partners and the ability to interact within this and as a conduit to media and government is vitally important. I work closely with Andrew daily and he has very quickly immersed him-self and represented your interests on the issues that matter. After only 6 months, I believe TAANZ is in very good hands.

In future, we will have a secretariat that is entirely consumed by and focussed on the issues that matter to the membership.

Andrew has developed a strategic plan that underpins this and his attention, supported by the board, is to ensure that TAANZ is relevant, responsive and strong.

Of immediate attention are our on-going discussions with IATA on the TAANZ/Airline agreement. Whilst we have made significant progress on most material matters we still require agreement on the sentiment that forms the basis of this document and the mechanisms for review of items within this. Security and default risk are priorities for the Airlines, as they are for us. I am hopeful that by the AGM I will be able to report positively on further progress?

In my capacity as Chairman of the World Travel Agents Associations Alliance (WTAAA), our most recent board meeting in Singapore in April was a varied and interesting exchange. This was scheduled to coincide with the Passenger Agency Programme Global Joint Council (PAPGJC/14) meeting which I attend as a delegate from WTAAA and as the acting Chairman of the New Zealand APJC.

I can inform you that the global travel agency community is united in their commitment to the issues that impact the trade worldwide and the appropriate interaction with IATA, on behalf of their member airlines, on resolutions. I have formed personal relationships at the most senior level of IATA and I firmly believe that they also desire a robust agent's distribution and dialogue on how we can collectively promote this and agree to change the impediments. Some of the agenda items included: Discrepancies between Airline instructions and GDS fares and ticketing information, use of ADM's, secure flight passenger data, global financial criteria, EMD update and Airline concerns over security and risk management.

Naturally, I am happy to discuss any of this with members at any time.

On behalf of your board, we all understand and respect that we represent all our members and do so with your best interests



in mind. We are acutely aware that your support is vital to our endeavours. As always, it is important to acknowledge the legal input of Andy Marshall and the work of Dan and Mary of the Bonding Authority.

To finish, I am buoyed by the positive feeling that exists in the market. Some of that is as a consequence of encouraging economic forecasts, strong exchange rates and very importantly, the Rugby World Cup. I look forward to the September/October months with great optimism that this event will galvanise New Zealand and create opportunity for years to come. And, just maybe, winning a Rugby World Cup again!?

With kind wishes.

Peter Barlow
President.

CHIEF EXECUTIVE'S REPORT YEAR IN REVIEW

ANDREW OLSEN



OVERVIEW

TAANZ is now in its 49th year as the trade Association representing the travel agency and in its first for more than thirty years as a standalone Association. With the Board, and your support, I am excited by what has been achieved since commencing in the position in March and energised by what is planned for the year ahead.

Let me start by saying that our thoughts remain with our colleagues in Christchurch. Despite the tragedy and the continued uncertainty ahead, the resolve of Cantabrians supported by the country at large and specifically the Travel Agency community, is admirable. It is a reminder to us all that there is nothing clichéd about the saying ‘when the going gets tough, the tough get going’. We wish you all the best during the reestablishment of your brands and businesses.

THE ECONOMY

The industry has had a faltering upward swing from the turbulence of the Global Financial Crisis the legacy of which lasts still as agents change and challenge the way they do business. The economy, remarkably, and contrary to surveyed business pessimism edged into growth in 2010 and has continued to the end of Quarter 1 2011 to expand ahead of forecast at .8%. At July’s Tourism Summit, Westpac’s Chief Economist Dominick Stevens forecast the average foreign exchange rate will be ‘somewhere between 70 and 80, settling around NZD 75c’ tempered against the ‘high eighties’ exchange rate trends not seen since the 70s. Whilst this may be a headwind for our colleagues in the inbound market, the outbound segment outlook is positive and grounded in a steadily recovering economy; improved business sentiment, an accelerating manufacturing industry, increased domestic consumption and GDP growth forecasts.

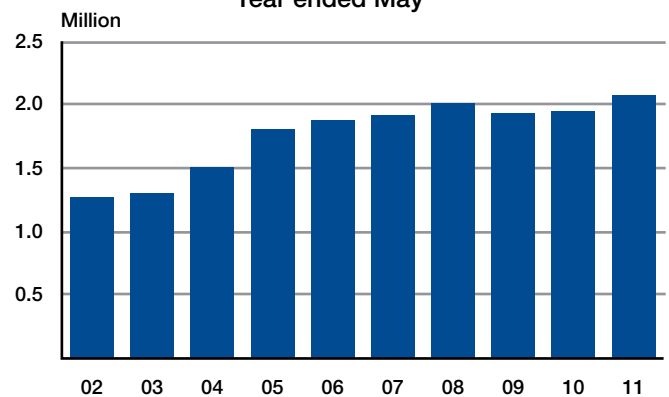
TRAVEL TRENDS

Outbound statistics for the year ended May 2011 report short-term departures of New Zealand residents in the May 2011 year numbered 2.073 million, up 127,500 (7 percent) from the May

2010 year. Almost half of all trips in the year ended May 2011 were to Australia (990,000). The next most popular destinations were the United States, Fiji (each 99,000), the United Kingdom (93,900), China (67,000), the Cook Islands (62,800), and Samoa (44,100).

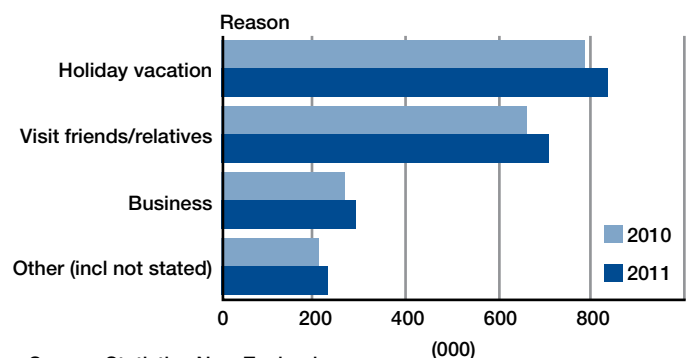
A holiday was the main travel purpose for 833,900 New Zealand residents who departed in the May 2011 year. Another 710,800 departed to visit friends and relatives and 291,700 departed for business. All travel demographics exceeded 2010 levels.

Annual resident departures
Year ended May



Source: Statistics New Zealand

Resident departures by reason
Year ended May



Source: Statistics New Zealand

INDUSTRY TRAFFIC LEVELS.

The national BSP to May 2011 reported +10% versus May last year contracting a little in June to +4.65% and in July +9.14% and +5.21% year to date. This has been reflected in some groups and agencies reporting strengthening YTD performances versus 2010 and 2009 levels. It remains to be seen whether the strong New Zealand dollar and positive economic forecast will take volumes back to the highpoints of 2008.

MEMBERSHIP

The past financial year showed a small decline in the number of full member head offices and branch locations falling from 412 to 398 (-1%). This indicates a slowing of the membership contraction experienced in the two previous years of -5% and -4%. The number of approved salespersons (now known as TAANZ Approved Brokers) has conversely increased from 401 to 431 (7%) which, whilst still in growth mode, has slowed from 27% in the previous year.

TAANZ AND TAANZ BONDING FINANCIAL POSITIONS

TAANZ operates two sets of accounts - one for TAANZ itself and the operations performed by the Secretariat, the other for administration of the Bonding scheme.

TAANZ produced a surplus for the year of \$15,012 which was \$14,238 in deficit of budget. Income was \$11,044 behind budget largely due unrealised dividends of \$11,600. Overall membership and subscription income was 1.3% below budget offset by better than budgeted results in interest and sponsorship earnings.



Expenditure to budget increased as a result of the continued costs associated with the Airline Agreement negotiations (\$14,790) and Tourism House expenses which includes salaries (\$3,205) and legal fees (\$5,596).

TAANZ accumulated funds increased year on year from \$1,119,426 to \$1,134,438 which continues to place the Association in a healthy position.

TAANZ Bonding realised a surplus of \$110,208. Income and Expenses were proportional to the previous year aside from the impact in 2010 of the Becking claim. Accumulated funds of the TAANZ Bonding Scheme increased from \$1,627,068 in 2010 to \$1,737,296. In addition the Bonding Scheme has a half share in the Airline Agreement Contingency Fund which totals \$436,272.

The TAANZ Bonding Scheme continues to work well for the consumer. In this current financial year it has again provided coverage to signatory airlines and consumers required as a result of the Brunel Enterprises Ltd and World Travel 36 Ltd claims. The scheme is a key reason for membership, but must not be the only reason why TAANZ as an organisation exists.

CLAIMS

During the year under review the following claims, adjustments and repayments took place.

- Standfast Travel Ltd t/as United Travel Paeroa
Claims; Airline (\$2,222), Consumer (\$37,920), Total (\$40,141)
Recoveries \$40,141 from Bonds held
- Tafu Travel Ltd t/as Birkinhead Travel; Tafu Travel
Claims; Airline (\$200,000), Consumer (nil), Total (\$200,000)
Recoveries \$200,000 from Bonds held

Full legal and administration cost recoveries were made in both cases.

Members should note that TAANZ will take all reasonable steps, including where necessary court proceedings, to protect the TAANZ Bonding Scheme and to recover moneys it is required to pay out on claims against the Bonding Fund. Although we have processed many claims on our Bonding Scheme over the years we generally recover and settle without loss which proves the importance of having personal bonds in place.

As a matter of record, it is important that we restate in each annual report the performance and value of such a scheme. Many countries have government licensing but TAANZ, through self regulation, offers the consumer the only means of protection, particularly now that travel insurance companies no longer offer protection in their travel insurance policies for third party supplier or airline defaults. The TAANZ Board is to convene its August 2011 Board Meeting with a significant amount of time put aside to specifically discuss defaults and what further can and must be done to minimise their occurrence.

THE TAANZ AIRLINE AGREEMENT

The current Agreement expires 31 December 2009 and automatically extends for ongoing periods of one year on a rolling basis unless the parties decide otherwise. Currently the agreement is in roll over and TAANZ, IATA and the APJC members are reviewing feedback on the content of the new agreement.

TAANZ President Peter Barlow has mentioned in his report that negotiations are continuing and we hope that by the time of the AGM to be able to update you.

THE YEAR AHEAD

We've been busy since March 2011 completing numerous actions and initiatives.

- Negotiating Westpac prepayment risk assessment guarantee outcomes
- Based on membership feedback, the creation of the TAANZ mandate and business plan
- NZITT realignment with TAANZ
- Communications effectiveness survey and improved media representation.
- Assessing membership services needs
- Changes to the rules and constitution arising from the July Postal vote
- The TAANZ Airline Agreement

The remainder of the year will see further progress, highlights being;

TAANZ BUSINESS SERVICES PLAN

Through the TAANZ website, delivering services helping the membership to varying degrees to tackle issues of profit, cost, productivity, succession and the customer experience. By year end we hope to have made significant inroads into the content available to you. We may be calling on membership assistance in web design and content management as this project unfolds and would be grateful for your input to this important work.

TAANZ TOWN HALL MEETINGS

It would be ideal if a budget existed that would enable TAANZ to travel the length and breadth of the country and meet each of you in your agencies. There are of course budget constraints to achieving that ideal. We intend to work with you to understand how best to create the opportunity for Town Hall style meetings and forums and alternates to that to facilitate sharing of information and ideas.

PRIORITISING LOBBYING ACTIVITY.

TAANZ is working with key industry leaders to establish its lobbying and negotiating priorities to ensure that the Association has a unified voice on agency matters and a seat at the 'top table' to represent travel and agency issues and with TIA, Airports, and ITOC's support all travel and tourism matters in general.

INDUSTRY DEVELOPMENT

The total membership of TAANZ is more than 2000 strong individuals. The historical rapport and representation has been with, and will continue to be with, agency owners and executive



teams. We also believe it is appropriate to find new ways to reach out to and learn from the balance of the membership to hear their views on the industry. Social media and appropriate developments with NZITT membership offerings are some of the avenues we are exploring.

TAANZ SECRETARIAT.

To achieve the initiatives it is necessary that the Secretariat adds resource and finds an appropriate manner in which to continue to administrate the changing requirements of the membership. To fulfil that, approval has been provided to employ a CEO assistant whose role it will be to cover both TAANZ and NZITT memberships. This year's budget provides the income and expense details on that position as supported through NZITT contribution to income, as well as expense reductions in publications and against many other prior year expenses.

TRAINING AND CREDENTIALS

We continue to work closely with our partner training organisation, the Aviation, Tourism and Travel Training Organisation (ATTTO) to encourage education and training to meet customer expectations and to encourage members to embrace the national standard. This year TAANZ will boast naming rights on the ATTTO's TAANZ Travel Trainee of the year. With Andrew Bowman and John Willson, I sit on the Travel Training Council the ambition of which is to further the professional standards of our industry.

Reintroduction of NZITT qualifications. Two years ago a board sub-committee had been set up to work in conjunction with the NZ Institute of Travel and Tourism (NZITT) and ATTTO to assess possible recommendations for changes to Membership Criteria and Rules Schedule III – the requirements for qualifications for management and staff.

Subsequently a conclusion was reached to remove NZITT Full Membership from the TAANZ qualifications. This view has since been reconsidered with the alignment of NZITT to TAANZ. Schedule 3 of the TAANZ Bonding Requirements sets out in respect of qualifications the following "...or a nationally recognised sales, marketing or management equivalent that supports industry best practice as determined by the board.

The Board has determined that NZITT Full membership supports industry best practice and we are delighted to advise the reinstatement of Full members of NZITT as being recognised within the qualifications for Management and Staff. Whilst this initiative has the support of ATTTO it remains that ATTTO's programmes remain a significant component of the industry training qualification and standards.

Throughout the year we will continue to look at training and accreditation. Our membership is diverse in its customer requirements so it is essential for the Association to understand the many and varied approaches to training to ensure we form the appropriate policies and criteria. Ultimately the focus must be on industry professionalism and heightened customer experience and TAANZ recognises there will be a wide variety of methodologies practices and budgets used to achieve that to ensure customer care and satisfaction is optimised.

THANKS

The Bonding Authority's, Dan Williams, has completed his fifth year in office and I greatly appreciate the vital work that he and Mary Hall undertake for our organisation. We also appreciate the continued contribution of participants of the approved sales person working group, agency and brand leadership for their support, Mr Andy Marshall for his valuable contribution and legal counsel and the Board for its continued availability and guidance. Finally, it goes without saying the Association exists for the membership and we thank you for your support. It remains our goal to represent you, maintain relevance, and strengthen and improve the Travel Agency industry.

I look forward eagerly to celebrating the Secretariat's 50th year.

With best wishes.



Andrew Olsen
Chief Executive

TRAVEL AGENTS ASSOCIATION OF NZ INC FINANCIAL STATEMENTS

INDEX

Independent Auditor's Report	2
Statement of Financial Performance	3-4
Statement of Movement in Equity	5
Statement of Financial Position	6
Notes to the Accounts	7-9

INDEPENDENT AUDITOR'S REPORT

To the members of the Travel Agents Association of New Zealand Inc

Report on the Financial Statements

We have audited the financial statements of Travel Agents Association of New Zealand Incorporated ("the TAANZ") on pages 3 to 9, which comprise the statement of financial position as at 31 May 2011, and the statement of financial performance, 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 committee members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 and fair presentation of the financial statements 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 the TAANZ in the area of taxation advice. The firm has no other interests in the TAANZ.

Opinion

In our opinion, the financial statements on pages 4 to 9 present fairly, in all material respects, the financial position of the TAANZ as at 31 May 2011, 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
4 August 2011

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MAY 2011

	2011 \$	2010 \$
INCOME		
Subscriptions & Entrance Fees	345,499	365,366
Subscriptions OTOC	2,100	2,100
RTONZ Secretariat	22,313	29,750
Directory & Information Guide	-	125
Sponsorship & Commissions -Telecom	15,000	12,500
Interest & Dividends Received	64,958	71,217
Profit on sale of investments	-	9,793
Unrealised profit on investments	15,548	17,169
Office recoveries & Other income	213	31
Total Income	465,631	508,051
EXPENDITURE	450,619	428,897
SURPLUS FOR YEAR	15,012	79,154

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

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MAY 2011

	Notes	2011 \$	2010 \$
EXPENDITURE			
Annual Report / Annual General Meeting		11,876	11,903
Advertising		3,987	3,440
Audit Fees		5,400	10,030
Airline Negotiations		27,790	10,913
Bad Debt		478	-
Depreciation	4	22,286	32,020
Directory & Information Guide		16,500	16,836
Doubtful Debt		1,690	-
Computer Exps / General Expenses / Bank Fees		7,982	16,698
Insurance		4,313	4,439
Kindred Association Conferences / Meetings		2,451	2,506
Legal & Professional Fees		40,596	39,218
Marketing		5,634	5,187
Meeting & Board Expenses		21,788	20,165
Members Workshops / Seminars		1,896	1,492
Tourism House Administration & Salaries	8	126,053	113,665
OTOC Expenses		2,100	2,100
Postage		3,945	3,474
President's & Directors' Services / Fees		60,000	55,000
Printing & Stationery		5,777	5,645
Subscription/Conference TIANZ		1,151	1,145
Subscriptions / Publications		1,453	1,082
TAANZ Website / Internet		13,957	4,657
Telephone / Tolls / Faxes / Rental		8,189	8,407
Travel Expenses		9,488	9,271
WTAAA/ UFTAA Subscriptions & Meetings/Congress		25,634	26,990
Research & Special Project		-	3,970
		432,414	410,253
Taxation Expense		18,205	18,644
Total Expenses		450,619	428,897

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

STATEMENT OF MOVEMENT FOR THE YEAR ENDED 31 MAY 2011

	2011 \$	2010 \$
Total recognised revenues for year	465,631	508,051
Total recognised expenses for year	450,619	428,897
<hr/>		
Net Surplus for year	15,012	79,154
Accumulated Funds at Beginning of Year	1,119,426	1,040,272
<hr/>		
Accumulated Funds at End of Year	1,134,438	1,119,426
<hr/>		

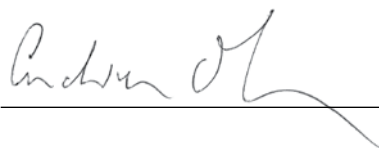
This statement should be read in conjunction with the accompanying notes and the auditor's report

STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2011

		2011	2010
	Notes	\$	\$
ACCUMULATED FUNDS			
Balance at the beginning of the year		1,119,426	1,040,272
Net Surplus for the year		15,012	79,154
TOTAL ACCUMULATED FUNDS		1,134,438	1,119,426
REPRESENTED BY:			
CURRENT ASSETS			
Bank Current Account		46,828	95,498
Bank Call Accounts		1,414	2,794
Term Deposits		190,000	150,000
OTOC - Bank Accounts	2 & 3	1,701	1,689
OTOC - National Bank Term Deposits	2 & 3	530,553	529,253
Accounts Receivable		10,779	4,012
GST Receivable		350	982
Tax paid		2,058	11,191
Prepayments		1,038	1,347
Accrued Income		946	1,655
Total Current Assets		785,667	798,421
CURRENT LIABILITIES			
Accounts Payable		11,076	19,324
Provision for Doubtful Debts		1,690	-
Accruals		12,701	39,452
OTOC - Airline Bonding Scheme -Members Advances	3	532,253	530,940
Total Current Liabilities		557,720	589,716
		227,947	208,705
NON CURRENT ASSETS			
FIXED ASSETS			
	4	12,312	32,090
INVESTMENTS			
	5		
Air New Zealand Shares		212	212
Auckland City Council Bonds		263,449	254,769
RaboBank Securities		120,600	121,650
BNZ Bonds		323,918	318,000
CBA Preference Shares		186,000	184,000
Total Investments		894,179	878,631
Net Assets		1,134,438	1,119,426

FOR AND ON BEHALF OF THE ASSOCIATION

Chief Executive
4 August 2011



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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2011

1. STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

The Travel Agents Association of New Zealand 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 with the exceptions that fixed interest investments, other than term deposits, are shown at market value as at balance date.

SPECIFIC ACCOUNTING POLICIES

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

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.

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 30% on taxable income derived from interest and other income. A prior period adjustment of \$5,716 is included in the tax liability. This is a correction to the 2010 imputation credit amount which was overstated.

CHANGES IN ACCOUNTING POLICIES

There was a change to the measurement base for fixed interest investments, other than term deposits as these are now measured at market value as at balance date. The profit or loss on the investments is shown as a line item in the statement of financial position.

2. CONTINGENT LIABILITIES:

TAANZ: There are no contingent liabilities at year end (2010: Nil).

At balance date the OTOC Tier 2 had no pending liabilities. (2010: Nil)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2011

3 OTOC CASH BONDS

The Overseas Tour Operators Council had, during the 1998 financial year written an agreement with the airlines, which requires OTOC members to have cash bonds to protect Airline payments through BSP.

The funds from members who have provided such bonds are shown as investments and call accounts totalling \$532,253 (2010: \$530,940) and the corresponding liability including interest owed at balance date to such members \$532,253 (2010: \$530,940)

4. FIXED ASSETS

	Cost	2011 Accum Depn	Book Value	Cost	2010 Accum Depn	Book Value	Depn 2011	Depn 2010
	\$	\$	\$	\$	\$	\$	\$	\$
Office Equipment	97,072	88,117	8,955	94,564	68,486	26,078	19,631	29,337
Furniture & Fittings	2,051	1,953	97	2,051	1,807	244	146	174
Leasehold Improvements	14,759	11,500	3,259	14,759	8,991	5,768	2,509	2,509
	113,882	101,571	12,312	111,374	79,284	32,090	22,286	32,020

5 SHARES & FIXED INTEREST INVESTMENTS

All Shares and Investments are shown at market value.

	Number	2011	2010
Air New Zealand	200 shares	\$212	\$212
Auckland City Council bonds	250,000 bonds	\$263,449	\$254,769
RaboBank Nederland	150,000 bonds	\$120,600	\$121,650
CBA Preference shares	200,000 shares	\$186,000	\$184,000
BNZ Bonds	300,000 bonds	\$323,918	\$318,000

These notes form part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2011

6 COMMITMENTS

At balance date the Association has no capital commitments. (2010: nil).

7 LEASE COMMITMENTS

Tourism and Travel House

The Association's lease expires on 29 September 2012.

	< 1 Year	1 - 2 Years	2 - 5 Years	Total
The commitments (excluding GST) are as follows	35,290	15,125	-	50,828

8 TOURISM HOUSE ADMINISTRATION & SALARIES

This is comprised of:

Tourism House Lease/ Overhead expenses

Salaries including part time staff

ACC Levies

Other

Less Recoveries from NZITT & ITOC

2011	2010
\$	\$
36,265	34,915
242,388	202,983
1,066	1,238
(2,185)	(268)
277,534	238,868
(151,481)	(125,203)
126,053	113,665

9 TAANZ BONDING SCHEME

TAANZ manages the operations of the TAANZ Bonding Scheme. The Bonding Scheme is governed by the TAANZ Bonding Committee regulations.

10 RELATED PARTY TRANSACTIONS

TAANZ and the Inbound Tour Operators Council shared a CEO up February 2011. TAANZ and Bonding share a BNZ investment, the investment along with the interest is allocated accordingly. TAANZ received \$40,000 from the Bonding Scheme.

These notes form part of the Financial Statements.

TRAVEL AGENTS ASSOCIATION OF NZ INC BONDING SCHEME FINANCIAL STATEMENTS

INDEX

Independent Auditor's Report	2
Statement of Financial Performance	3
Statement of Movement in Equity	4
Statement of Financial Position	5
Notes to the Accounts	6-8

INDEPENDENT AUDITOR'S REPORT

To the members of the Travel Agents Association of New Zealand Inc Bonding Scheme

Report on the Financial Statements

We have audited the financial statements of Travel Agents Association of New Zealand Incorporated Bonding Scheme ("the TAANZ Bonding Scheme") on pages 3 to 8, which comprise the statement of financial position as at 31 May 2011, and the statement of financial performance, 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 committee members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 and fair presentation of the financial statements 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 the TAANZ Bonding Scheme in the area of taxation advice. The firm has no other interests in the TAANZ Bonding Scheme.

Opinion

In our opinion, the financial statements on pages 4 to 8 present fairly, in all material respects, the financial position of the TAANZ Bonding Scheme as at 31 May 2011, 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
4 August 2011

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MAY 2011

INCOME	Notes	2011 \$	2010 \$
Airline Contributions - Administration & Insurance		92,666	78,724
Approved Sales Persons Levy		48,993	47,000
Bonding Levies - Establishment		39,804	36,000
Bonding Levies - Members		52,377	56,478
Claims & Expenses Net	4,7	25,664	(203,714)
Interest Received		79,537	52,829
Dividends Received		28,312	12,240
Late Accounts - Fines		8,267	7,500
Unrealised (loss)/profit on investment		10,196	8,370
Profit on Shares		-	2,644
Total Income		385,816	98,071
EXPENDITURE			
Audit fees		4,500	4,500
Bonding Authority Administration Expenses	2	125,248	132,514
General / Interest / Bank charges		1,351	943
Legal & Professional Fees	2	24,401	52,818
Tourism house fees		40,000	40,000
TAANZ/ Airline Agreement Contingency Fund	5	49,569	46,800
Total Expenses		245,069	277,575
Taxation Expense		30,519	19,353
SURPLUS/ (DEFICIT) FOR YEAR		110,228	(198,857)

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

STATEMENT OF MOVEMENT IN EQUITY FOR THE YEAR ENDED 31 MAY 2011

Retained Earnings

Total recognised revenues for year	385,816	98,071
Total recognised expenses for year	245,069	277,575
Taxation Expense	30,519	19,353
Net Surplus for year	110,228	(198,857)
Accumulated Funds at Beginning of Year	977,068	1,175,925
Less Transferred to The Airline Fund	-	-
	977,068	1,175,925

Total Retained Earnings	1,087,296	977,068
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The Airline Fund

The Airline Fund at Beginning of Year	650,000	650,000
Plus Transferred from Retained Earnings	-	-
Total Airline Fund	650,000	650,00

Accumulated Funds at End of Year	1,737,296	1,627,068
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This statement should be read in conjunction with the accompanying notes and the auditor's report

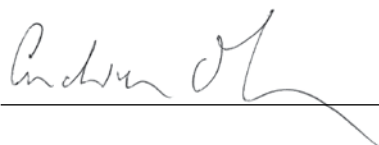
STATEMENT OF FINANCIAL POSITION

AS AT 31 MAY 2011

ACCUMULATED FUNDS	Notes	2011 \$	2010 \$
Balance at Beginning of Year		1,627,068	1,825,925
Surplus for Year		110,228	(198,857)
TOTAL ACCUMULATED FUNDS		1,737,296	1,627,068
REPRESENTED BY:			
CURRENT ASSETS			
BNZ Current Account		11,663	11,679
National Bank Current Accounts		98,095	89,745
Term Deposits ANZ 100,000		-	
Term Deposits National Bank		450,000	200,000
Term Deposit - Airline Fund		650,000	650,000
Term Deposit- (Airline Agreement Contingency Fund)	5	356,272	343,502
Airline Agreement Contingency Fund Receivable		80,000	-
Members Deposits - BNZ Term Deposits	6	2,982,713	3,297,701
Accounts Receivable		13,128	13,783
Tax Receivable		410	(268)
Accrued Income		12,368	6,494
Total Current Assets		4,654,649	4,712,636
CURRENT LIABILITIES			
Accounts Payable	65,066		14,678
Accruals	4,500		4,000
GST Payable	1,555		(1,959)
Airline Agreement Contingency Fund	5	436,272	343,502
Members Deposits and Interest	6	2,982,713	3,297,701
		3,490,106	3,657,922
WORKING CAPITAL		1,164,543	1,054,714
NON CURRENT ASSETS			
INVESTMENTS			
	8		
Kiwibank shares	207,400		202,800
BNZ Unsubordinated Notes	359,166		353,570
Canterbury Mortgage Trust	6,187		15,984
Total Investments		572,753	572,354
NET ASSETS		1,737,296	1,627,068

FOR AND ON BEHALF OF THE ASSOCIATION

Chief Executive
4 August 2011



These notes form part of the Financial Statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2011

1. STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

The Bonding Scheme of the Travel Agents' Association of New Zealand Incorporated was set up by the Association by virtue of Rule 5 of the Constitution and Rules, which provides that full members of TAANZ are required to complete a bond. The Scheme is governed by the TAANZ Bonding Committee Regulations which are by-laws made by the Board of Directors pursuant to Rule 35(e) of the Constitution and Rules of TAANZ.

The Bonding Scheme 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 with the exception that fixed interest investments, other than term deposits, are shown at market value as at balance date.

SPECIFIC ACCOUNTING POLICIES

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

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.

Investments: Fixed term investments, other than term deposits, are shown at a straight line basis to maturity by writing up discounts or writing down premiums on purchase.

Taxation: Provision has been made for taxation at 30% on taxable income derived from interest and dividends. A prior period adjustment of \$361 credit has been made to the the tax liability account as RWT was understated in 2010.

Revenue: Revenue is recognised on an accruals basis.

CHANGES IN ACCOUNTING POLICIES

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

These notes form part of the Financial Statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2011

2. ADMINISTRATION COSTS

It is expected that 50% of the 2011 administration costs will be recovered from the airlines (2010: 50%)

3. CONTINGENT LIABILITIES:

Claims are recognised in the financial statements when, after due investigation, they are admitted by the Bonding Committee. There are no contingent liabilities at balance date.(2010:\$nil)

4. NET CLAIMS & EXPENSES

Member	Net cost / (income) 2011	Net cost / (income) 2010
International Youth Holidays	-	(10,129)
Stuart Travel	-	(108)
Becking Tours	-	168,210
HWT Parnell	-	45,632
HWT Hamilton East	-	110
Tafu Travel	(23,235)	
Stand Fast Travel	(2,429)	
	(25,664)	203,714

5. TAANZ AIRLINE AGREEMENT

The 1997 TAANZ/Airline Agreement expired on 31 December 2006. The Agreement made provision for protection by way of layer insurance, the premiums for which were jointly contributed by the airlines and TAANZ. From 1 January 2007 a new TAANZ/Airline Agreement came into effect whereby both TAANZ and the airlines have established a Contingency Fund which forms the basis of a self insurance scheme and both contribute equally to.

6. CASH BONDS

The funds from members who have provided a cash bond are shown as investments totalling \$2,982,713 (2010:\$3,297,701). The corresponding liability including interest owed at balance date to such members is \$2,982,713 (2010: \$3,297,701).

These notes form part of the Financial Statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2011

7 CLAIMS RECOVERABLE

There are no claims recoverable at balance date, (2010 nil).

8 INVESTMENTS

	2011	2010
	\$	\$
Kiwibank shares	207,400	202,800
BNZ Unsubordinated Notes	359,166	353,570
Canterbury Mortgage Trust *	6,187	15,984

* Canterbury Mortgage Trust has appointed a Manager to wind up the Trust. The first capital payment of 40% was made in April 2009.

The Trust intends to make quarterly capital distributions with the next one due in July 2011. The Investment of \$100,000 has been written down by 15% to \$85,000 less the capital payments (\$78,813), this is based on a conservative estimate of total capital repayment provided by Canterbury Mortgage Trust. The directors expect the remaining capital to be repaid by the end of 2012.

All other Investments are shown at market value.

9 RELATED PARTY TRANSACTIONS

TAANZ manages the operations of the TAANZ Bonding Scheme and charges the bonding scheme a set fee.

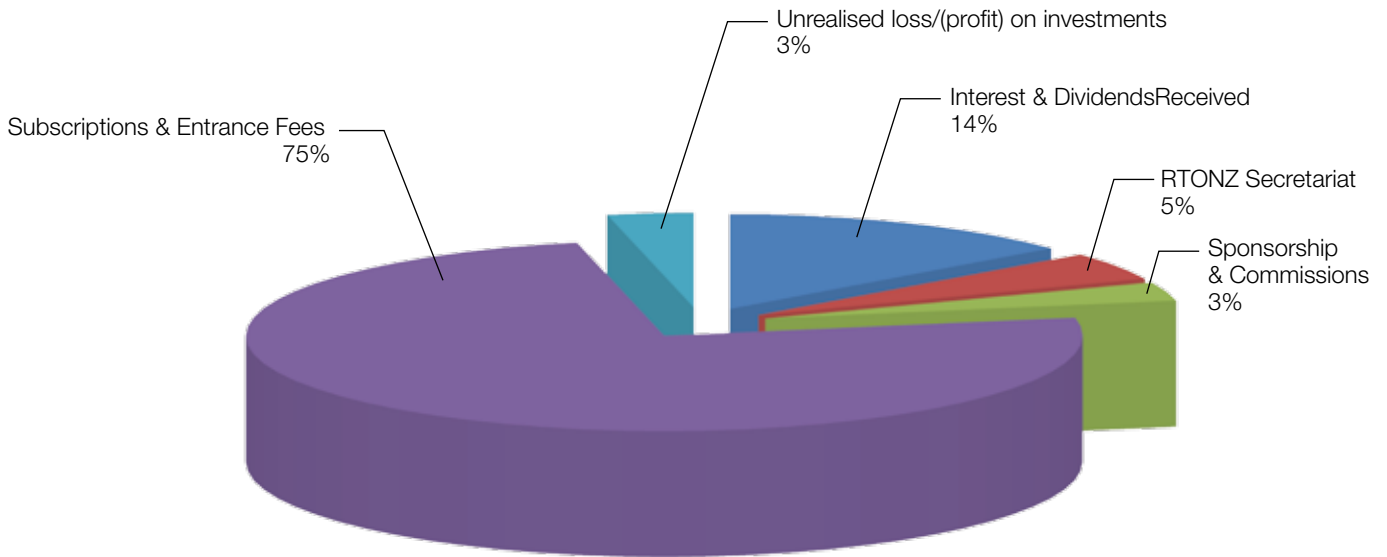
10 CAPITAL COMMITMENTS

There are no capital commitments (2010:\$0)

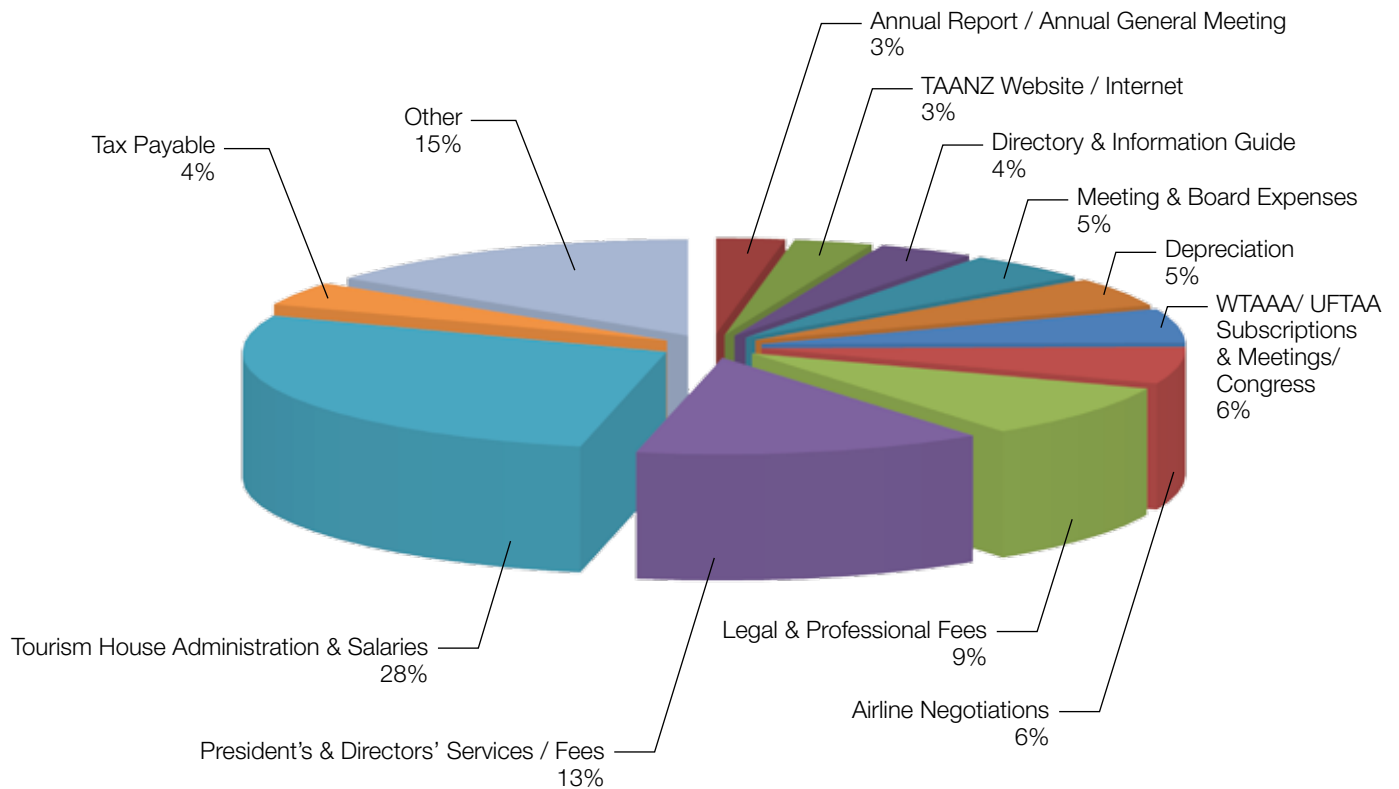
These notes form part of the Financial Statements

FINANCIAL PIE CHARTS

WHERE TAAANZ GETS ITS INCOME



HOW TAAANZ SPENDS YOUR FEES





THE TRAVEL AGENTS' ASSOCIATION OF NEW ZEALAND

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