



Dunedin Railway Station

HOME OF THE TAIERI GORGE RAILWAY

Annual Report 2026



Dunedin Railway Station is the trading name of Dunedin Railways Limited

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Company Directory

ENTITY

Legal Entity: Dunedin Railways Limited

Trading Name: Dunedin Railway Station

Company Number: 670683

DIRECTORS

Adrian Januszkiewicz (Chairman)

Tim Loan

Greg Anderson

Susan Johnstone

Chris Milne

Shane Ellison

Phillip O'Connell

REGISTERED OFFICE

50 The Octagon

Dunedin, New Zealand

BANKERS

Westpac Banking Corporation

SOLICITORS

Anderson Lloyd Lawyers

TAXATION ADVISORS

Deloitte

AUDITOR

The Audit Office



Chair's Report

PRINCIPAL ACTIVITIES OF THE COMPANY

FY2026 was Dunedin Railways Limited's first full year of trading since emerging from hibernation and marked a year of significant progress. Strong performance across commercial operations, service delivery, and organisational capability demonstrates the company's successful transition from recovery to execution. The results achieved during the year provide a solid foundation for continued growth and long-term sustainability.

YEAR IN REVIEW

Passenger numbers grew to 39,983 in FY26, up from 31,821 in FY25 which is a year-on-year increase of 26%. Revenue grew materially in line with that passenger growth, with yield per passenger also improving as service mix shifted toward higher-value cruise which DRL now controls directly and Taieri Gorge journeys. These results reflect a business that is finding its commercial feet and strengthening its market position. Comparisons with FY2025 should be considered in the context of the significant one-off impairment reversal that contributed to the FY2025 net surplus and is shown separately in the table below.

Key financial results for the year are summarised below:

	Year Ended 30 June 2026 \$'000	Year Ended 30 June 2025 \$'000
Operating Revenue	5,130	3,204
Impairment Reversal Revenue	-	2,297
Net surplus / (deficit) for the year	(421)	1,141
Shareholders' funds	3,275	2,696
Total assets	3,848	3,326

REBRANDING

FY26 included the delivery of a significant rebranding programme. This involved not only a refresh of the visual identity and customer-facing materials, but the bold step of adopting the Dunedin Railway Station name as a core brand. That decision was not without its critics, but the Board is confident it was the right call and early market response suggests the wider tourism trade agrees. The new identity better reflects who we are and where we are headed.

OPERATIONS

Track renewal investment continued under the DCHL-funded \$2 million per annum programme. Deliberately, we did not draw the full allocation in FY26, preferring to take the time to properly plan the programme and ensure funds are well directed. That planning work is largely complete, and a more active renewal programme is anticipated in FY27. On maintenance, the team delivered meaningful catch-up work following the reduced activity of FY25, but there is more to come as the programme matures.

SALES AND MARKETING

The Company has re-engaged with all key domestic and international tourism channels (trade, cruise, digital and direct) and is now an active and recognised participant in the market. The results speak for themselves.

PEOPLE

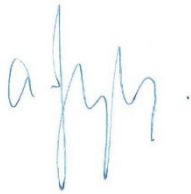
The leadership team is now largely in place, and the organisation has the people and capability to execute the strategic plan. Significant effort has gone into building the right culture alongside the right team structure. The Board thanks all DRL staff for their dedication during a year of considerable change and growth.

GOVERNANCE

The Board has maintained a constructive and transparent relationship with Dunedin City Holdings Limited and Dunedin City Council throughout the year, operating on a no-surprises basis. DRL's dividend policy remains unchanged in that no dividends are paid, with resources directed toward the asset base and track renewal programme.

OUTLOOK

FY26 has demonstrated that Dunedin Railways is a business with solid commercial foundations and a clear direction. The FY27 plan targets continued passenger and yield growth, a more active track renewal programme, and further embedding of the systems and capability built this year. The Board looks forward to reporting further progress.



Adrian Januszkiewicz
Chair
Dunedin Railway Station



Statement of Service Performance

PERFORMANCE MEASURES	ACHIEVEMENT
Complete long-term strategic plan.	Achieved - Strategic plan was completed and approved during the year
Track maintenance plan in place. Board monitors changes to plan and approves material changes to budget.	Achieved - preliminary plan in place whilst refinement on long term renewal plan continues with board oversight
No unplanned delays to regular scheduled passenger operations.	Achieved
Lost time incidents are less than two.	Achieved - LTI was 1 in FY2026
Complete strategic marketing plan.	Achieved - formed part of the Strategic Plan
Increase passenger numbers to 35,000 in 2025/26.	Achieved - total PAX for FY2026 was 39,983
Maintain relationships with key community stakeholders.	Achieved
Maintain an average TripAdvisor rating of 4 stars or higher.	Achieved - Tripadvisor rating 4.4 as at 30 June 2026
A draft 2026/2027 Statement of Intent will be submitted to the shareholder by 1 March 2026.	Achieved - draft submitted 27th Feb 2026
Ensure that all direct employees are paid at living wage or above.	Achieved - all employees are paid living wage or above.
Refine and continue to implement DRL's carbon emissions and waste reduction strategies.	Achieved - continued implementation of strategy, establishing performance baselines for future improvements given increasing operations.
Measure and publicly report our Greenhouse Gas (GHG) emissions in our Annual Report.	Achieved – included in Annual Report
No such matters that were not escalated to the shareholder in a timely manner.	Achieved
No such matters that were not reported to the shareholders within 24 hours.	Achieved

FINANCIAL PERFORMANCE

	Target \$000	Achievement \$000
Shareholders' Funds to Total Assets	90%	85%
Dividend/Subvention Distributions	-	-
EBITDA	(1,788)	(85)
Net Surplus / (Deficit) after Tax	(2,101)	(421)
Cash Flow from Operations	(1,736)	(181)
Capital Expenditure	215	155
Term Loans	-	-
Shareholder's Funds	2,473	3,275

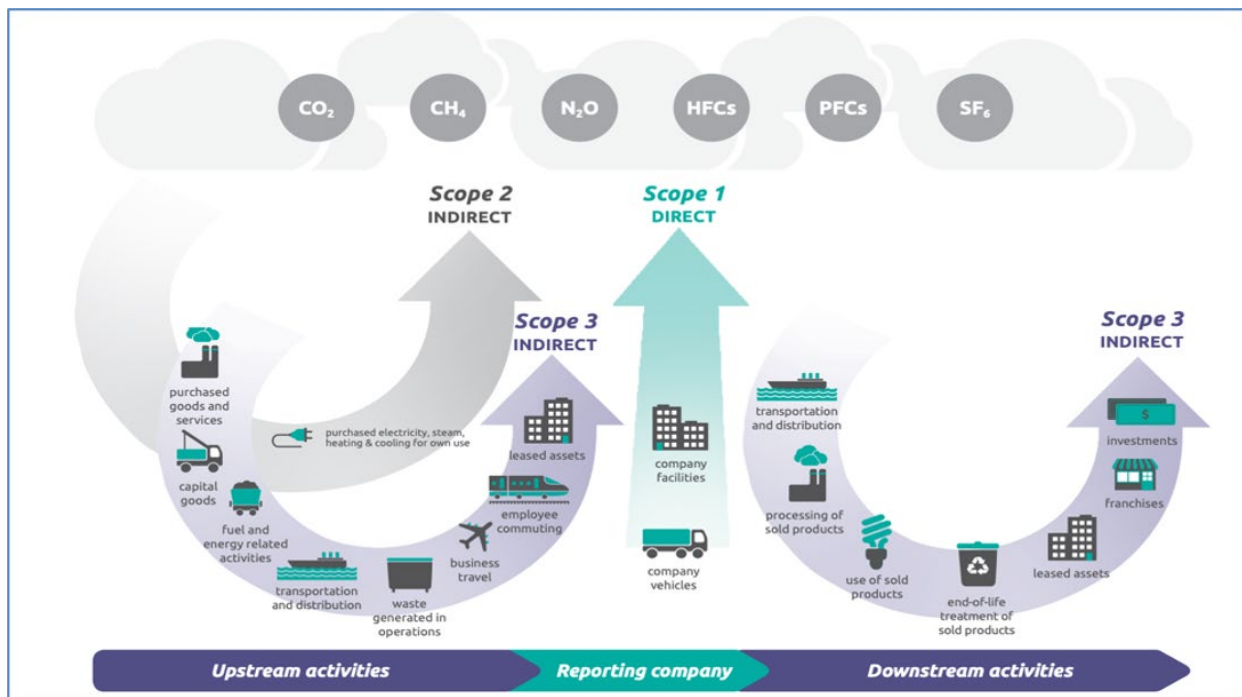
Sustainability

GREENHOUSE GAS EMISSIONS

Dunedin Railways is committed to understanding and managing its environmental impacts. During FY26, the Company continued to measure and report its greenhouse gas (GHG) emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard and ISO 14064. The Company first established its GHG inventory in FY21 and continues to refine its emissions measurement and reporting processes.

At this stage, Dunedin Railways has focused on measuring our Scope 1 and 2 emissions and an agreed selection of Scope 3 (indirect, or value chain) emissions.

Figure 1 Source: GHG Protocol – Figure 1.1 of Scope 3 Standard



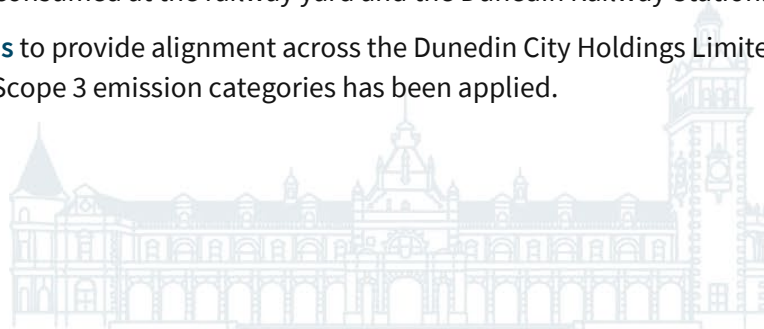
The Company's emission inventory includes:

Scope 1 emissions are direct emissions that are operationally controlled by the Company, including:

- Fuel consumption associated with train operations.
- Fuel consumption associated with maintenance vehicles and equipment.

Scope 2 emissions are indirect GHG emissions from imported energy, including purchased electricity that is consumed at the railway yard and the Dunedin Railway Station.

Scope 3 emissions to provide alignment across the Dunedin City Holdings Limited (DCHL) group, a consistent set of Scope 3 emission categories has been applied.



Our Scope 3 emissions include the following:

- Waste generated in our offices and disposed to landfill
- Transmission and distribution losses associated with purchased electricity
- Domestic Air travel

At this stage we have not captured the indirect emissions from our suppliers and contractors. We will review which Scope 3 emissions are relevant and appropriate on an ongoing basis, as we continue to measure and report our carbon footprint.

RESULTS

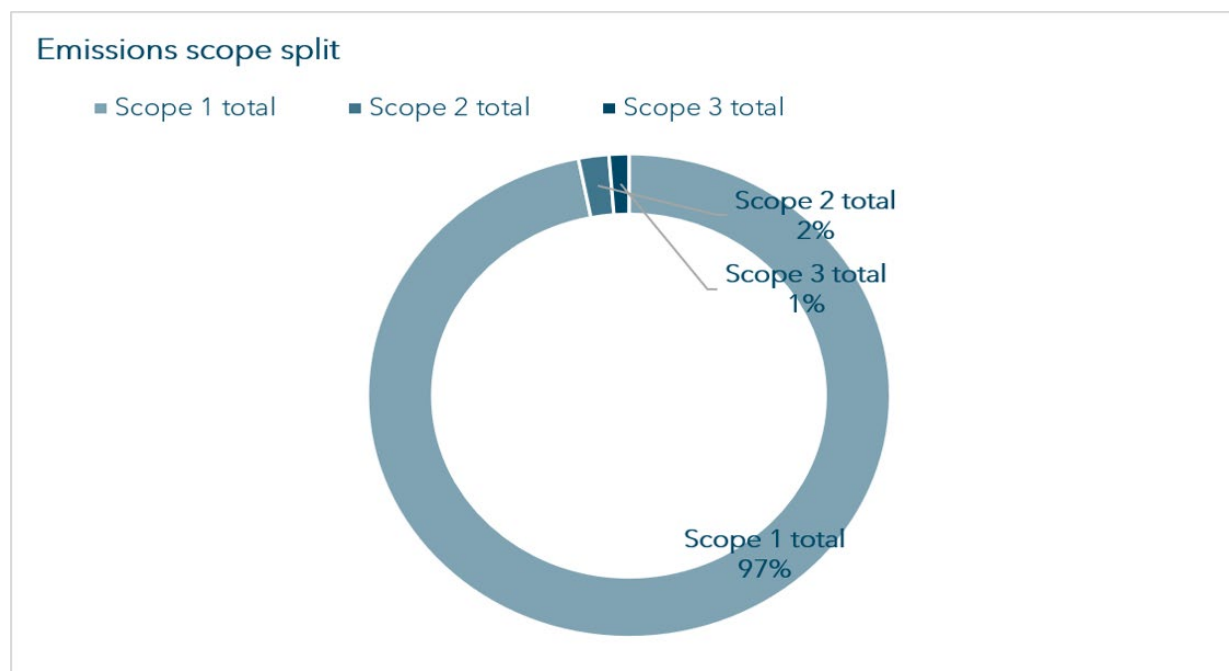
Emissions are reported as tonnes (t) of Carbon Dioxide (CO₂) equivalent (e); or tCO₂-e. “Carbon dioxide equivalent” is a standard unit for counting greenhouse gas emissions regardless of whether they are from carbon dioxide or another greenhouse gas.

The Company's measured GHG emissions for the year end 30 June 2026 were 484.5 tCO₂-e..

Table 1 Emissions by Scope

	tCO ₂ -e	% of total
Scope 1	469.5	97%
Scope 2	9.1	2%
Scope 3	5.9	1%
TOTAL	484.5	100%

Figure 2 Emissions by Scope



Emissions by Activity

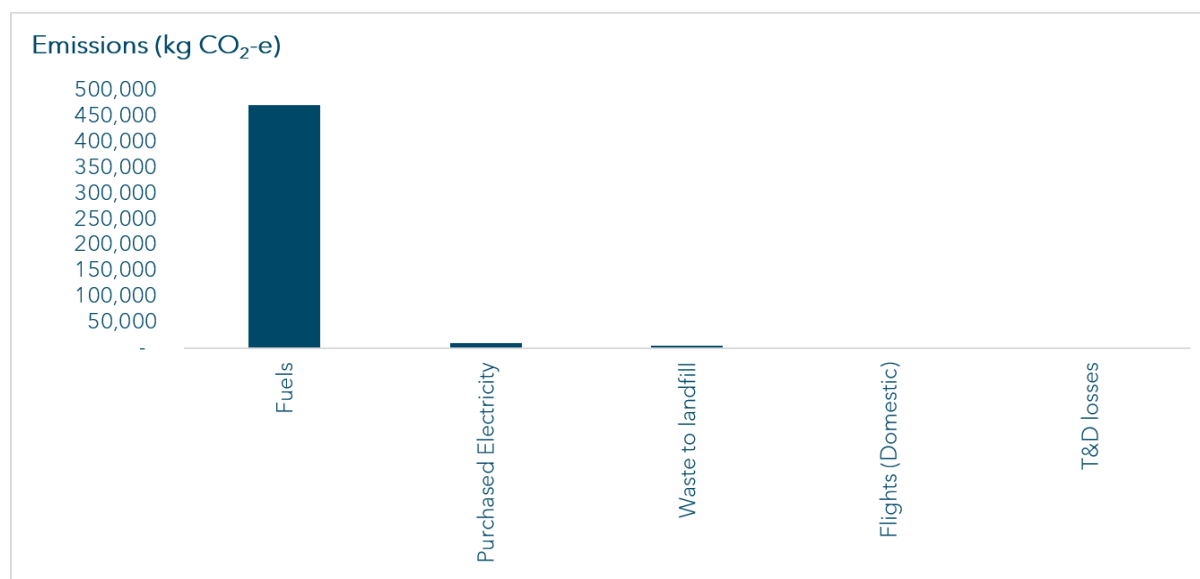
Our top emissions sources are summarised below.

Table 2 Emissions by Activity

	2026 tCO ₂ -e
Fuels	469.5
Waste to Landfill	4.4
Purchased Electricity	9.1
Domestic Flights	0.9
T&D Loss	0.7
TOTAL	484.5

Total emissions for FY26 were 484.5 tCO₂-e, compared with 379.9 tCO₂-e in the previous year. Scope 1 emissions associated with fuel consumption remain the Company's most significant source of emissions, accounting for approximately 97% of total emissions. The increase in emissions during FY26 reflects increased operational activity as Dunedin Railways continued its recovery from the hibernation period and expanded service levels.

Figure 3 Emissions by Activity



OPERATIONAL CONTEXT AND EMISSIONS INTENSITY

The Company's emissions profile is closely linked to the level of train services operated and passenger numbers carried during the year.

During FY26, Dunedin Railways operated 365 train services, compared with 273 services in FY25. Passenger numbers increased from 31,821 to 39,983, reflecting the continued recovery and growth of the business following the hibernation period.

While total emissions increased as operations expanded, emissions per train service reduced from 1.39 tCO₂-e in FY25 to 1.33 tCO₂-e in FY26, demonstrating an improvement in emissions intensity as activity levels increased.

	2026	2025
Train Trips Operated	365	273
Passengers carried	39,983	31,821
Total Company emissions (tCO ₂ -e)	484.5	379.9
Emissions per train service (tCO ₂ -e)	1.33	1.39
Emissions per passenger (kg CO ₂ -e)	12.12	11.94

CARBON REDUCTION STRATEGY

During FY22, the Company developed an emissions reduction strategy and associated targets to guide its approach to managing greenhouse gas emissions.

The strategy established a target of achieving a 46% reduction in emissions per train trip by 2030, using FY21 as the baseline year. The use of an emissions intensity measure recognises that the Company's overall emissions profile is closely linked to operational activity levels and the number of train services operated.

Since the strategy was developed, Dunedin Railways has undergone significant operational change as it has progressively emerged from hibernation and re-established services. During FY26, the Company operated 365 train services compared with 273 services in FY25, while passenger numbers increased from 31,821 to 39,983.

As a result of increased operational activity, total emissions increased to 484.5 tCO₂-e (FY25: 379.9 tCO₂-e). However, emissions intensity improved during the year, reducing from 1.39 tCO₂-e per train service in FY25 to 1.33 tCO₂-e per train service in FY26.

Management considers FY26 to represent a more stable and representative operating profile from which future emissions performance can be measured. Accordingly, FY26 will be used as the baseline year for a review and refresh of the Company's Carbon Reduction Strategy and associated emissions reduction targets.

FY2026 CARBON REDUCTION ACHIEVEMENTS

- Continued annual measurement and reporting of Scope 1, Scope 2 and selected Scope 3 emissions.
- Publicly reported greenhouse gas emissions through the Annual Report.
- Improved emissions intensity from 1.39 tCO₂-e per train service to 1.33 tCO₂-e per train service.
- Maintained workshop operations on mains electricity following the removal of the diesel-powered workshop generator.
- Continued monitoring fuel consumption and operational efficiency across train services.
- Continued implementation of the Company's carbon emissions and waste reduction strategies while establishing meaningful operational and emissions baselines for future improvement.

The Company remains committed to reducing emissions where practicable through improved operational efficiency and ongoing monitoring of fuel use and energy consumption. During the next 12 months, the Carbon Reduction Strategy will be reviewed and refreshed to ensure targets remain relevant, measurable and aligned with the Company's current operating environment and future growth expectations. The review will consider:

- The Company's current operating environment and expected future growth.
- The appropriateness of existing emissions reduction targets.
- Opportunities to improve emissions intensity across train operations.
- Emerging technologies and alternative fuel options.
- Alignment with shareholder sustainability objectives and wider climate initiatives.

WASTE REDUCTION STRATEGY

TARGET INITIATIVE	PROGRESS
Measure our waste, which will allow us to monitor and report our performance	Achieved. Waste generated during FY26 totalled 4,357 kg (FY25: 4,900 kg). Passenger numbers increased from 31,824 to 39,983 during the year, resulting in waste per passenger reducing from 0.15 kg per passenger in FY25 to 0.11 kg per passenger in FY26, a reduction of approximately 29%.

The Company will continue to monitor waste generation and waste intensity measures, while seeking opportunities to further reduce waste sent to landfill through waste minimisation and recycling initiatives.

SUPPORTING DUNEDIN'S CLIMATE GOALS

Dunedin Railways continues to support the sustainability objectives of Dunedin City Holdings Limited and Dunedin City Council. The Company remains committed to understanding, measuring and managing its greenhouse gas emissions and contributing to the broader transition to a lower-emissions future for Dunedin.

The Company will continue to work with its shareholders and stakeholders to support wider emissions reduction objectives and identify practical opportunities to reduce its environmental footprint over time.



Statutory Information

DIRECTORS' INTERESTS REGISTER

As advised to the Company:

DIRECTOR	DECLARATION OF INTERESTS
Adrian Januszkiewicz 1 November 2024 – present	Director and Shareholder, Adminis Ltd (including subsidiary companies: Adminis Custodial Nominees Ltd, ACNL Nominees No.1 Ltd, Adminis Investors Nominees Ltd, Adminis Funds Ltd) Director and Shareholder, Alpine Guides Fox Glacier Ltd (including subsidiary and JV companies: Aoraki Glacier Guiding LP Ltd, Aoraki Glacier Guiding Ltd, Mount Cook Glacier Guiding General Partner Ltd, Fox Glacier Guides Ltd, Westland Property Ltd) Chair and Shareholder, Adventure Group Ltd (including subsidiary companies: Canyon Explorers Ltd, Queenstown Adventure Centre Ltd, Via Ferrata Queenstown Ltd, Via Ferrata Queenstown NZ Ltd, Canyoning Queenstown Ltd) Trustee, Jadran Family Trust Director and Shareholder, Jadran Consulting Ltd Trustee, Caliber Trust Trustee on Board, Wakatipu High School Advisory Trustee, Wakatipu High School Foundation Chair, Director, and Shareholder, Folio Solutions Ltd Director and Shareholder, RCT Group Ltd (including subsidiary company: Rotorua Canopy Tours Ltd, Million Dollar Cruise Ltd, Queenstown Cruises Ltd) Shareholder, Reikorangi Forest Ltd
Tim Loan 3 October 2022 – present	Director, Dunedin City Holdings Ltd Director, Dunedin City Treasury Ltd Director, Dunedin Stadium Property Ltd Director & Shareholder, Abbot Insurance Brokers Southern Ltd Director, Finance Now Ltd (including subsidiary companies: TW Financial Services Operations Ltd) The Warehouse Financial Services Ltd and SBS Money Ltd Director & Shareholder, LWB Holdings Ltd Director, Presbyterian Support Southland Holding Company Ltd Director, Presbyterian Support Southland Retirement Villages Ltd Chair, H&J Smith Holdings Ltd (including subsidiary companies: H&J Smith Ltd, H&J Smith Parking Building Ltd, Outdoor World Ltd, Outdoor Adventures Ltd (dormant), H&J's Hardware Ltd (dormant), Southern Department Stores Ltd (dormant), Shotover Hardware Ltd, Symphony Retailing Ltd, Cross Roads Properties Ltd, H&J.'s Electrical Ltd, H&J's Properties Ltd, H&J Smith Corporate Ltd, H&J Smith Finance Ltd)
Greg Anderson 1 July 2023 - present	Director, Dunedin City Holdings Ltd Director, Dunedin City Treasury Ltd Director, Dunedin Stadium Property Ltd Director and Shareholder, Northington Partners Ltd (including subsidiary companies Northington Agricapital Ltd, NPL Investments Ltd and NPL No.1 Holdco Ltd) Director and Shareholder, Cultivate Ventures GP Ltd (including related entity NPL No. 2 LP Ltd) Director and Shareholder, NZ Drinks Holdings Ltd (including subsidiary NZ Drinks Ltd) Director and Shareholder, Hedgebook Ltd Director and Shareholder, Stirling Sports Ltd Director and Shareholder, Reliable Foundations Holdings Ltd (including subsidiary companies and related entities: Reliable Foundations NZ Ltd, Reliable Foundations (South Island) Ltd, RFL Earthworks NZ Ltd, RFL Earthworks (South Island) Ltd, Reliable Foundations GP Ltd, NPL No.1 LP Ltd) Director and Shareholder, Agri Realty Ltd Director and Shareholder, Ra Tuatahi No. 1 Ltd Trustee, St Margaret's College Foundation
Susie Johnstone 1 March 2021 - present	Director, Dunedin City Holdings Ltd Director, Dunedin City Treasury Ltd Director, Dunedin Stadium Property Ltd Director & Shareholder, Shand Thomson Chartered Accountants Trustee, Dunedin Diocese Trust Board Trustee, Clutha Community Foundation Director, SDH GP Ltd Trustee of various client trusts through Shand Thomson & Abacus Nominee Companies

Chris Milne 1 July 2023 - present	Director, Dunedin City Holdings Ltd Director, Dunedin City Treasury Ltd Director, Dunedin Stadium Property Ltd Director and Shareholder, Murray & Company Ltd (including an advisory role to KiwiRail Holdings Ltd) Chair, CSO Foundation Trust Director, Southern Eye Specialists Limited
Shane Ellison 1 July 2025 – present	Director, Dunedin City Holdings Limited Director, Dunedin City Treasury Limited Director, Dunedin Stadium Property Limited Director, Waipā Networks Limited and Waipā Networks Growth Limited Infrastructure and Resources Director and Investment Manager for Te Ātiawa o Te Waka a Māui, Koau Capital Partners Limited Member, Kāti Huirapa Rūnaka ki Puketeraki Member, Te Rūnaka o Ōtākou Iwi Member, Ngāti Mutunga, Te Ātiawa, and Ngāti Ruanui Director and shareholder, Tāwhirimātea Advisory (Ngā Kaitohutohu o Tāwhirimātea) Limited Director, Aukaha (1997) Limited Commercial Advisor to Ka Taki te Umere Limited Director, Northway Limited
Phillip O'Connell 25 September 2025 – present	Safety Analysis Change and Resilience Manager, Airways Corporation of New Zealand Ltd Captain, Royal New Zealand Navy, New Zealand Defence Force Co-Chair, CANSO Safety Intelligence Workgroup (SIWG)

DIRECTORS' INTERESTS IN CONTRACTS

Disclosures of interests made by Directors are recorded in the Company's interest register (above). These general disclosures of interests are made in accordance with s140 (2) of the Companies Act 1993 and serve as notice that the Directors may benefit from any transaction between the Company and any of the disclosed entities.

Any significant contracts involving Directors' interests that were entered into during the year ended 30 June 2026 or existed at that date are disclosed in the related parties' section of this report.

DIRECTORS BENEFITS

No Director has received or become entitled to receive a benefit since the end of the previous financial period other than a benefit included in the Directors remuneration received or due and receivable by the Directors as shown in the financial statements.

There were no notices from Directors requesting to use Company information received in their capacity as Directors that would not otherwise have been available to them.

DIRECTORS'S INSURANCE

The Company has arranged policies of the Directors' Liability Insurance which ensure generally that the Directors will incur no monetary loss as a result of action undertaken by them as Directors, provided that they operate within the law.

CHANGE OF DIRECTORS

Shane Ellison was appointed as Director on 1st July 2025 and Phillip O'Connell was appointed as Director on 25th September 2025



DIRECTOR'S REMUNERATION

The remuneration paid to Directors during the year was:

	For the year ended 30 June 2026 \$000	For the year ended 30 June 2025 \$000
Tim Loan (appointed 3 October 2022)	-	-
Greg Anderson (appointed 1 July 2023)	-	-
Susie Johnstone (appointed 1 March 2021)	-	-
Chris Milne (appointed 1 July 2023)	-	-
Adrian Januszkiewicz (Chair, appointed 1 November 2024)	52	33
Shane Ellison (appointed 1 July 2025)	-	-
Phillip O'Connell (appointed 25 September 2025)	22	-
Total	74	33

EMPLOYEES' REMUNERATION

Data relating to employees whose remuneration and benefits exceeded \$100,000 for the year ended 30 June 2026 is provided below. Remuneration includes all non-cash benefits and redundancy payments at total cost to the Company where applicable.

	For the year ended 30 June 2026 Number of employees	For the year ended 30 June 2025 Number of employees
Remuneration band		
\$190,000 - \$199,999	1	-
\$180,000 - \$189,999	-	1
\$130,000 - \$139,999	-	1
\$120,000 - \$129,999	1	-
\$110,000 - \$119,999	-	1
\$100,000 - \$109,999	3	3

GENDER DIVERSITY

The table below shows the number of male and female personnel at the Company, at Board, Management and staff levels, as at 30 June 2026.

	Male	Female
Board	6	1
Management	4	3
All other employees (includes permanent and casual)	22	19

HEALTH AND SAFETY

The Company continues to place a high priority on health and safety across all areas of its operations. During FY2026, significant work was undertaken to strengthen the organisation's risk management and safety systems, supporting the Company's commitment to providing a safe environment for employees, passengers, contractors and visitors.

A review and update of the Company's Risk Management Framework was completed during the year. This included aligning risk management procedures, the risk register and risk assessment tools to a consistent methodology, reviewing operational risks, strengthening governance oversight, and ensuring risks are clearly identified, assessed and managed.

The Company also achieved a positive outcome from its annual Operational Safety Assessment (OSA), demonstrating the effectiveness of its Safety Management System and its ongoing commitment to regulatory compliance and continuous improvement. This result reflects the strong safety culture embedded throughout the organisation and the continued focus on maintaining high operational standards.

Throughout the year, the Health and Safety Committee remained active in identifying and monitoring opportunities for improvement. All health and safety improvement actions raised during the year were completed, ensuring identified issues were addressed promptly and contributing to a safer workplace for all staff.

The Company remains committed to continually improving its health and safety performance and maintaining robust systems and processes that support the safe delivery of its operations.

DIVIDENDS

The directors have recommended that no dividend be paid for the year ended 30 June 2026.

AUDITOR

The Auditor-General is appointed as Auditor pursuant to s70 of the Local Government Act 2002. The Auditor-General has contracted the audit to The Audit Office.



Statement of Comprehensive Revenue and Expense

For the year ended 30 June 2026

	Note	Actual 2026 \$000	Budget 2026 \$000	Actual 2025 \$000
Operating Revenue	1	5,130	4,827	3,204
Impairment Reversal	2	-	-	2,297
Gain on Sale of PPE		7	-	-
Interest received from funds on deposit		18	29	26
Total Revenue		5,155	4,856	5,527
Less Expenses				
Operating Expenses	3	5,576	6,957	4,386
Total Expenses		5,576	6,957	4,386
Surplus/(Deficit) Before Tax		(421)	(2,101)	1,141
Income Tax Expense (Credit)	4	-	-	-
Net surplus (deficit) from continuing operations		(421)	(2,101)	1,141
Other Comprehensive Revenue and Expense		-	-	-
Total Comprehensive Revenue and Expense		(421)	(2,101)	1,141

The accompanying notes and accounting policies form an integral part of these audited financial statements.



Statement of Changes in Equity

For the year ended 30 June 2026

		Actual 2026 \$000	Budget 2026 \$000	Actual 2025 \$000
	Note			
Equity at the Beginning of the Year		2,696	2,574	305
Comprehensive Revenue and Expense				
Surplus/(Deficit) from continuing operations	9	(421)	(2,101)	1,141
		2,275	473	1,446
Capital Contributions from Owners	9	1,000	2,000	1,250
Equity at the End of the Year		3,275	2,473	2,696

The accompanying notes and accounting policies form an integral part of these audited financial statements.

Statement of Financial Position

As at 30 June 2026

	Note	Actual 2026 \$000	Budget 2026 \$000	Actual 2025 \$000
Current Assets				
Cash and Cash Equivalents	5	1,101	222	430
Trade and Other Receivables		78	84	48
Inventories		178	27	167
Income Tax		2	8	8
GST Refund Receivable		22	15	23
Total Current Assets		1,380	356	676
Non-Current Assets				
Property, Plant and Equipment	6	2,468	2,381	2,650
Total Non-Current Assets		2,468	2,381	2,650
Total Assets		3,848	2,737	3,326
Current Liabilities				
Trade and Other Payables	7	392	95	452
Provisions		181	169	178
Total Current Liabilities		573	264	630
Non Current Liabilities				
Deferred Tax Liability (Asset)	8	-	-	-
Total Non-Current Liabilities		-	-	-
Total Liabilities		573	264	630
Equity				
Share Capital	9	13,097	14,097	12,097
Retained Earnings	9	(9,822)	(11,624)	(9,401)
Total Equity		3,275	2,473	2,696
Total Liabilities and Equity		3,848	2,737	3,326

For and on behalf of the Board of Directors:



Chair



Director

Date: 26 August 2026

The accompanying notes and accounting policies form an integral part of these audited financial statements.

Statement of Cash Flows

For the year ended 30 June 2026

	Note	Actual 2026 \$000	Budget 2026 \$000	Actual 2025 \$000
Cash Flows from Operating Activities				
Cash was provided from:				
Receipts from Customers		5,115	4,842	3,212
Interest Received		18	29	26
		5,133	4,871	3,238
Cash was disbursed to:				
Payments to Suppliers and Employees		5,321	6,634	4,091
Income Tax Paid (Received)		(6)	-	2
Net GST Movement		(0)	-	4
		5,314	6,634	4,097
Net Cash inflows / (outflows) from Operating Activities		(181)	(1,763)	(859)
Cash Flows from Investing Activities				
Cash was provided from:				
Sale of Property, Plant and Equipment		7	-	-
		7	-	-
Cash was disbursed to:				
Purchase of Property, Plant and Equipment		155	215	179
		155	215	179
Net Cash inflows / (outflows) from Investing Activities		(148)	(215)	(179)

The accompanying notes and accounting policies form an integral part of these audited financial statements.

Statement of Cash Flows (continued)

For the year ended 30 June 2026

		Actual 2026 \$000	Budget 2026 \$000	Actual 2025 \$000
	Note			
Cash Flows from Financing Activities				
Cash was provided from:				
Contributions of Capital		1,000	2,000	1,250
Proceeds from Borrowing		-	-	-
		1,000	2,000	1,250
Cash was disbursed to:				
Repayment of Borrowings		-	-	-
		-	-	-
Net Cash inflows / (outflows) from Financing Activities		1,000	2,000	1,250
Net Increase / (Decrease) in Cash Held				
Net Increase / (Decrease) in Cash Held		671	22	213
Cash and Cash Equivalents at the Beginning of the Year		430	200	217
Cash and Cash Equivalents at the End of the Year	5	1,101	222	430
Composition of Cash				
Cash and Cash Equivalents		1,101	222	430
Bank Overdraft		-	-	-
Cash and Cash Equivalents at the End of the Year	5	1,101	222	430

The accompanying notes and accounting policies form an integral part of these audited financial statements.

Notes to the Financial Statements

REPORTING ENTITY

The financial statements presented here are for the reporting entity Dunedin Railways Limited ("the Company").

Dunedin Railways Limited is a Council-Controlled Organisation as defined in the Local Government Act 2002. The Company, incorporated in New Zealand under the Companies Act 1993, is wholly owned by Dunedin City Holdings Limited and its ultimate shareholder is Dunedin City Council.

The registered office of the Company is 50 The Octagon, Dunedin.

The primary objective of Dunedin Railways Limited is to operate short scenic rail tourism excursions, preserving railway heritage and supporting tourism in the Otago region.

The financial statements of the Company are for the year ended 30 June 2026.

STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with Tier 2 Public Benefit Entity Accounting Standards and comply with PBE Standards Reduced Disclosure Regime (PBE Standards RDR).

The Company is eligible to apply Tier 2 PBE Accounting Standards as it is not publicly accountable and does not have expenses exceeding \$33m per annum.

The financial statements were authorised for issue by the Board of Directors on 26 August 2026.

BASIS OF PREPARATION

The financial statements have been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

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

These financial statements are presented in New Zealand dollars, which is the Company's functional and presentation currency. All financial information has been rounded to the nearest thousand (\$000).

The accounting policies set out below have been applied consistently in preparing the financial statements for the year ended 30 June 2026 and the comparative information for the year ended 30 June 2025.



GOING CONCERN

The financial statements have been prepared on a going concern basis.

The Directors have assessed the Company's ability to continue as a going concern and have considered the Company's financial forecasts, cash flow projections, strong operational performance during the year, ongoing shareholder support for the track renewal programme, and a letter of support from Dunedin City Holdings Limited confirming financial support, if required, for at least 12 months from the date of signing these financial statements.

Based on this assessment, the Directors are satisfied that the Company has adequate resources to continue operating and meet its obligations as they fall due for the foreseeable future and that the use of the going concern basis of accounting is appropriate.

CHANGES IN ACCOUNTING POLICIES

There have been no changes in the Company's accounting policies since the date of the last audited financial statements. Accounting policies have been applied consistently to all years presented in these financial statements.

SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In preparing these financial statements, the Company has made estimates, judgements and assumptions concerning the future. These are based on historical experience and other factors considered reasonable in the circumstances. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised and, where relevant, in future periods.

Significant sources of estimation uncertainty are:

- Useful lives of Property, Plant and Equipment (Note 6)

GOODS AND SERVICES TAX (GST)

All items in the financial statements are stated exclusive of GST, except for trade receivables and trade payables which are stated on a GST inclusive basis.



1. OPERATING REVENUE

Sales Revenue	5,130	3,204
	<u>5,130</u>	<u>3,204</u>

Sales Revenue Accounting Policy

The Company's principal source of revenue is scenic and heritage rail tourism experiences. Revenue from ticket sales is recognised when the related journey has been provided to the customer.

Revenue from merchandise sales, training services and other operating activities is recognised when the related goods or services have been provided to the customer. Amounts received in advance of services being provided are recognised as deferred income and recognised as revenue when the services have been delivered.

Revenue is measured at the fair value of consideration received or receivable and is stated net of discounts and goods and services tax (GST).

2. IMPAIRMENT REVERSAL

Property, Plant and Equipment	-	2,201
Inventory	-	96
	<u>-</u>	<u>2,297</u>

No impairment losses or impairment reversals were recognised during the year ended 30 June 2026 (2025: impairment reversal of \$2,297).

During the year ended 30 June 2025, the Company reversed impairment losses previously recognised in 2020 on its property, plant and equipment and inventory. The reversal followed a reassessment of the recoverable service amount of those assets after the Company resumed operating as a going concern. In accordance with PBE IPSAS21 paragraph 68 and PBE IPSAS12 paragraph 42, the reversal was limited to the carrying amounts that would have been determined had no impairment losses been recognised in prior periods.

3. OPERATING EXPENSES

Audit Fees - audit of the current year financial statements	96	94
Audit Fees - recoveries related to the audit of previous years financial statements	10	-
Contractors, Materials & Consumables	2,156	1,961
Depreciation	336	47
Employee Expenses	2,443	1,898
Other Operating Expenses	535	386
	<u>5,576</u>	<u>4,386</u>



2026
\$000

2025
\$000

4. TAXATION

Operating Surplus/(Deficit) before Tax - Continuing Operations	(421)	1,141
Operating Surplus/(Deficit) before Income Tax	(421)	1,141
Tax thereon at 28%	(118)	320
Plus/(Less) the Tax Effect on Differences		
Expenditure not Deductible for Taxation	-	-
Under/(Over) Provision in Prior Years	-	-
Deferred Tax Assets not recognised	118	(320)
Tax Effect of Differences	118	(320)
Tax Expense	-	-
Effective Tax Rate	0%	0%
<i>Represented by</i>		
<u>Current Tax Provision</u>	-	-
Prior Period Adjustment	-	-
Current Tax Movement	-	-
<u>Current Deferred Tax Provision</u>	-	-
Deferred Tax Movement	-	-
(Under)/Over Tax Provision in Prior Years	-	-
Income Tax	-	-

Taxation Accounting Policy

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable surplus for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of revenue or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Imputation Credit Account

The Company has an imputation credit account balance of \$341,434 as at 30 June 2026 (2025: \$347,519).

5. CASH AND CASH EQUIVALENTS

Cash and Bank	201	430
Deposit with DCTL	900	-
	<u>1,101</u>	<u>430</u>



Cash and Cash Equivalents Accounting Policy

Cash and cash equivalents comprise cash in hand, bank balances, funds held on call with Dunedin City Treasury Limited (DCTL), and short-term deposits with original maturities of three months or less.

For the purposes of the Statement of Cashflows, cash and cash equivalents comprise, cash on hand, deposits held at call with banks, funds held on call with DCTL, and other short-term highly liquid investments with original maturities of three months or less.

6. PROPERTY, PLANT AND EQUIPMENT

	Buildings \$'000	Rolling Stock \$'000	Track \$'000	Plant & Equipment \$'000	Vehicles \$'000	Work in Progress \$'000	Total \$'000
Year Ended 30 June 2026:							
Cost or Valuation							
Balance at Beginning of Period	21	5,605	1,097	1,390	371	-	8,483
Purchases	-	8	7	86	-	54	155
Sales/Disposals	-	-	-	-	(40)	-	(40)
Adjustment	-	(15)	-	15	-	-	-
Balance at End of Period	21	5,598	1,104	1,490	331	54	8,598
Accumulated Depreciation							
Balance at Beginning of Period	18	4,140	212	1,120	342	-	5,833
Depreciation	-	229	24	73	10	-	336
Sales/Disposals	-	-	-	-	(40)	-	(40)
Impairment	-	-	-	-	-	-	-
	18	4,369	236	1,192	312	-	6,130
Balance at End of Period	3	1,228	867	298	18	54	2,468

During the year, the Company disposed of property, plant and equipment with a carrying value of \$0 and recognised a gain on disposal of \$7,000.

	Buildings \$'000	Rolling Stock \$'000	Track \$'000	Plant & Equipment \$'000	Vehicles \$'000	Work in Progress \$'000	Total \$'000
Year Ended 30 June 2025							
Cost or Valuation							
Balance at Beginning of Period	-	254	-	149	3	-	406
Purchases	-	36	-	123	20	-	179
Sales/Disposals	-	-	-	-	-	-	-
Impairment Reversal	21	5,315	1,097	1,118	348	-	7,900
Balance at End of Period	21	5,605	1,097	1,390	371	-	8,483
Accumulated Depreciation							
Balance at Beginning of Period	-	57	-	29	3	-	89
Depreciation	-	18	-	28	1	-	47
Sales/Disposals	-	-	-	-	-	-	-
Impairment Reversal	18	4,065	212	1,063	338	-	5,696
	18	4,140	212	1,120	342	-	5,833
Balance at End of Period	3	1,465	885	270	29	-	2,650

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

No impairment losses or impairment reversals were recognised during the year ended 30 June 2026 (2025: impairment reversal of \$2.2 million).

The impairment reversal recognised during the year ended 30 June 2025 followed a reassessment of the recoverable service amount of the Company's rail corridor and associated assets. The recoverable service amount was determined using value in use calculated on a depreciated replacement cost basis. In accordance with PBE IPSAS 21, the impairment reversal was limited to the carrying amount that would have been determined had no impairment loss been recognised in prior periods.

Property, Plant and Equipment Accounting Policy

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Any gain or loss on disposal of an item of property, plant and equipment is recognised in surplus or deficit.

Depreciation is calculated to write off the cost of the assets less their residual values using the straight-line method over their useful lives and is recognised in surplus or deficit. The assets' residual values and useful lives are reviewed at the end of each reporting period.

The useful lives and associated depreciation rates of major classes of property, plant and equipment have been estimated as follows:

Buildings 0% - 17%

Rolling stock 2% - 33%

Track 2% - 10%

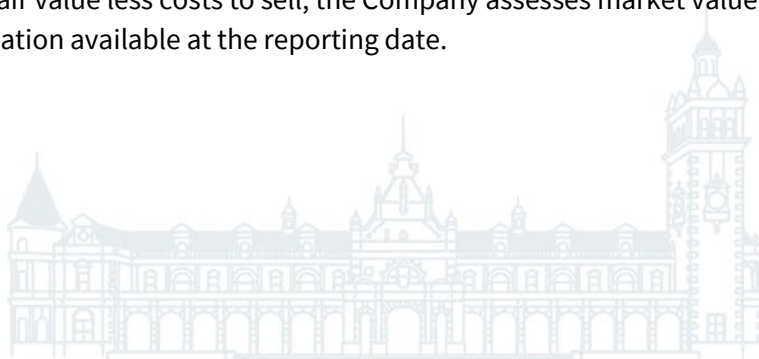
Plant & equipment 5% - 70%

Vehicles 8% - 21%

The Company assesses at each reporting date whether there is an indication that a non-cash-generating asset may be impaired. If any indication exists, the Company estimates the asset's recoverable service amount. An asset's recoverable service amount is the higher of the non-cash-generating asset's fair value less costs to sell and its value in use. Where the carrying amount exceeds its recoverable service amount, the asset is considered impaired and is written down to its recoverable service amount.

Where an impairment loss recognised in prior periods no longer exists or has decreased, the impairment loss is reversed to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised in prior periods.

In determining fair value less costs to sell, the Company assesses market value based on the best available information available at the reporting date.



2026
\$000

2025
\$000

7. TRADE AND OTHER PAYABLES

Trade Payables	370	255
Due to Related Parties	3	8
Accruals and Revenue in Advance	19	189
	<u>392</u>	<u>452</u>

Trade and Other Payables Accounting Policy

Trade and Other Payables are stated at cost.

8. DEFERRED TAX LIABILITY

2026	\$000	\$000	\$000	\$000	\$000	\$000	\$000
	Opening Sheet	Charged Equity	Charged Revenue	Subvention Payment	Closing Assets	Liabilities	Net
Receivables	-	-	-	-	-	-	-
Inventories	71	-	-	-	71	-	71
Property, Plant and Equipment	(119)	-	27	-	(92)	-	(92)
Employee Entitlements	47	-	2	-	49	-	49
Provision and Adjustments	2	-	-	-	2	-	2
Tax Losses	2,653	-	89	-	2,742	-	2,742
Derecognise DTA/DTL	(2,654)	-	(118)	-	(2,772)	-	(2,772)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

2025	\$000	\$000	\$000	\$000	\$000	\$000	\$000
	Opening Sheet	Charged Equity	Charged Revenue	Subvention Payment	Closing Assets	Liabilities	Net
Receivables	-	-	-	-	-	-	-
Inventories	98	-	(27)	-	71	-	71
Property, Plant and Equipment	581	-	(700)	-	(119)	-	(119)
Employee Entitlements	23	-	24	-	47	-	47
Provision and Adjustments	-	-	2	-	2	-	2
Tax Losses	2,271	-	382	-	2,653	-	2,653
Derecognise DTA/DTL	(2,973)	-	319	-	(2,654)	-	(2,654)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

A deferred tax asset has not been recognised in relation to tax losses of \$9,781,000 (tax effect \$2,739,000) and temporary differences of \$121,000 (tax effect \$34,000).

Deferred Tax Accounting Policy

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable surplus and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable surplus will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax surplus nor the accounting surplus.

9. EQUITY

Share Capital

Shares on issue \$1 per share	13,097	12,097
Called and fully paid Capital:		
Opening Balance	12,097	10,847
Capital Contribution from owners	1,000	1,250
Balance at the end of the year	13,097	12,097
Uncalled capital	-	-

Fully paid ordinary shares carry one vote per share, carry a right to dividends and, upon wind up, a pro rata share of the Company's net assets.

During FY26, the shareholder made a capital contribution of \$1 million through the issue of 1 million ordinary shares at \$1 per share (2025: 1.25 million shares @ \$1 per share, for a total contribution of \$1.25 million).

Retained Earnings

Opening balance	(9,401)	(10,542)
Net Surplus / (deficit) for the year after taxation	(421)	1,141
Balance at the End of the Year	(9,822)	(9,401)

10. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the Company's Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets comprise cash and cash equivalents, trade and other receivables, and amounts due from related parties.

Financial liabilities comprise trade and other payables and amounts due to related parties.

Financial assets and financial liabilities are initially recognised at fair value and are subsequently measured at amortised cost.

Risk Management

The Company is exposed to credit risk, liquidity risk and market risk through its financial instruments.

Dunedin City Treasury Limited co-ordinates treasury and funding activities across the Dunedin City Council group and assists in managing financial risks on behalf of the Company.

Credit risk arises principally from cash and cash equivalents and trade receivables. The Company manages this risk through ongoing monitoring of receivable balances and counterparty exposures.

2026
\$000

2025
\$000

10. FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity risk represents the Company's ability to meet its contractual obligations as they fall due. The Company manages this risk through regular cash flow forecasting, access to group treasury facilities, and ongoing shareholder support.

The Company has access to a \$500,000 revolving loan facility provided through Dunedin City Treasury Limited. No amounts were drawn against the facility at 30 June 2026 (2025: NIL).

11. RELATED PARTY TRANSACTIONS

The Company is 100% owned by Dunedin City Holdings Limited. Dunedin City Holdings Limited is a wholly owned subsidiary of the Dunedin City Council. The Company undertakes transactions with the Dunedin City Council and other Dunedin City Council controlled entities.

Transactions with the Dunedin City Council

Purchase of Goods and Services from the Dunedin City Council		
Rates, Events, Leases	3	1
Other Expenditure	2	5
Revenue from Goods and Services provided to the Dunedin City Council		
Ticket Revenue	31	46

Transactions with the Dunedin City Holdings Limited

Purchase of Goods and Services from the Dunedin City Holdings Limited		
Expenses Oncharged	6	-

Transactions with the Dunedin City Treasury Limited

Interest Received	4	3
Funds held on Behalf of the Company	900	-
Amounts receivable as at balance date	2	

Transactions with the Dunedin Venues Management Limited

Purchase of Goods and Services from Dunedin Venues		
Management Fees	29	100
Expenses Oncharged	31	32
Amount Payable as at balance date	3	-

There were no other related party transactions during the period.

No related party debts have been written off or forgiven during the period.

Key Management Personnel Remuneration

Directors		
Number	2	1
Remuneration	74	33
Senior Management Team including CEO		
Full-time equivalent members	10	6
Remuneration	982	656
Total Key Management Personnel	1,056	689

11. RELATED PARTY TRANSACTIONS (CONTINUED)

Key Management Personnel includes Directors, CEO and members of the Senior Leadership Team. During FY2026, key management personnel increased due to organisational growth, including the expansion of the Senior Leadership Team to support increased operations. The year also included costs associated with the changes in senior leadership positions and the settlement of employee entitlements.

12. CAPITAL COMMITMENTS

The company has no capital commitments as at 30 June 2026 (2025: \$nil).

13. LEASE COMMITMENTS

The Company leases part of the DCC Rotary Park from Dunedin City Council, together with certain office and operational equipment. Lease payments are recognised as an expense on a straight-line basis over the lease term. During the year, the Company also entered into a short-term locomotive lease arrangement.

Future minimum lease payments under non-cancellable operating lease agreements:	
Not later than one year	3
Later than one year and not later than five years	2
Later than five years	-
Lease expense recognised during the year comprised:	
Minimum lease payments	37
Contingent rentals	5
Sublease payments received	-
	42

Contingent rentals comprise locomotive usage charges based on kilometres travelled and printer charges based on actual printing volumes.

14. EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET AND PRIOR YEAR

Explanation for major variances from the Company's 2025/26 budget and prior year figures are as follows:

Statement of Comprehensive Revenue and Expense

Operating revenue for the year was \$5.1 million, compared with the budgeted \$4.8 million. This was primarily due to higher passenger volumes than anticipated. Revenue increased by \$1.9 million compared with FY2025, reflecting the Company's continued progression towards operational maturity following the hibernation period. Cruise operations were a particularly strong contributor to performance during FY2026.

Total operating expenses were \$5.5 million, compared with the budgeted \$6.9 million. The favourable variance was largely attributable to lower than budgeted asset maintenance expenditure, as some planned maintenance activities were deferred while services continued to be re-established following hibernation. Operating expenditure was approximately \$1.3 million below budget. Compared with FY2025, operating expenses increased by \$1.2 million, reflecting higher staffing levels and increased operating activity as the business continued its return to normal operations.

14. EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET AND PRIOR YEAR (CONTINUED)

Statement of Financial Position

Capital contributions for the year were \$1 million, compared with the budgeted \$2 million. Stronger than expected operating results, combined with lower expenditure on asset maintenance and improved cash flows reduced the requirement for additional capital funding during the year.

Cash and cash equivalents at year end were \$1.1 million, compared with the budgeted balance of \$200k and \$400k in FY2025. The higher cash balance reflects the stronger operating performance and lower than anticipated expenditure described above.

Property, Plant and Equipment (PPE) purchases for FY2026 were \$155,000, compared with the budgeted \$219,000. This variance reflects changes to capital expenditure priorities and the timing of asset maintenance and renewal activities during the year.

Overall, the Company's financial performance for FY2026 reflects the continued transition from the hibernation period to a more mature operating environment. Revenue exceeded budget due to stronger passenger volumes, while expenditure remained below budget as some planned asset maintenance activities were deferred. As a result, cash reserves were stronger than anticipated and the requirement for shareholder capital contributions was lower than budgeted.

15. CONTINGENT LIABILITIES

An employment-related matter remains subject to resolution. Based on legal advice, no provision has been recognised as an outflow of resources is not considered probable. The financial consequences (if any) of this matter are not quantifiable at this time. Should any obligation arise, management expects the financial impact to be minor.

The company knows of no other material or significant contingent assets or liabilities as at balance date.

16. EVENTS SUBSEQUENT TO BALANCE DATE

There have been no material events subsequent to the reporting date that would require adjustment to, or disclosure in, these financial statements.



Independent Auditor's Report

To the readers of Dunedin Railways Limited's financial statements and performance information for the year ended 30 June 2026

The Auditor-General is the auditor of Dunedin Railways Limited (the Company). The Auditor-General has appointed me, Jenna Hills, using the staff and resources of The Audit Office, to carry out the audit of the financial statements and performance information on his behalf.

We have audited:

- the financial statements of the Company that comprise the statement of financial position as at 30 June 2026, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date, and the notes to the financial statements that include material accounting policy information and other explanatory information on pages 16 to 31; and
- the performance information that consists of the statement of service performance for the year ended 30 June 2026 on page 6.

Opinion

Qualified opinion on the financial statements

In our opinion, except for the possible effects of the matter described in the *Basis for our opinion* section of our report, the financial statements of the Company present fairly, in all material respects, its financial position as at 30 June 2026, and its financial performance and cash flows for the year then ended, in accordance with Public Benefit Entity Standards Reduced Disclosure Regime.

Unmodified opinion on the performance information

In our opinion, the performance information accurately reports, in all material respects, the Company's actual performance compared against the performance targets and other measures adopted for the year ended 30 June 2026, and has been prepared, in material respects, in accordance with section 68 of the Local Government Act 2002 (the Act).

Basis for our opinion

Financial statements: our work was limited over the reversal of impairment recognised in the prior year

As disclosed in note 2 on page 23, the Company was put into hibernation on 1 July 2020, and as a result the Company impaired its property, plant and equipment and inventory assets at that time. We were unable to obtain sufficient appropriate evidence to support the written-down values of the assets and the associated impairment expense and expressed a disclaimer of opinion on the 30 June 2021 to 2024 financial statements.

During the 30 June 2025 financial year, the Board of Directors determined that it was appropriate for the impairment of its property, plant and equipment and inventory assets previously recognised to be reversed. Whilst we were able to gain assurance over property, plant and equipment and inventories as at 30 June 2025, our work over the impairment reversal of \$2,297,000 was limited as any misstatement of the opening carrying value of property, plant and equipment and inventories as at 1 July 2024 would consequently affect the value of the impairment reversal recognised in the year ending 30 June 2025. Our audit opinion on the financial statements for the period ended 30 June 2025 was modified accordingly.

Accordingly, our opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the *Responsibilities of the auditor* section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

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

Responsibilities of the Board of Directors for the financial statements and the performance information

The Board of Directors is responsible on behalf of the Company for preparing financial statements that are fairly presented and comply with Public Benefit Entity Standards Reduced Disclosure Regime. The Board of Directors is also responsible for preparing the performance information contained in the statement of service performance of the Company in accordance with the Act.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board of Directors is responsible on behalf of the Company for assessing the Company's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to liquidate the Company or to cease operations, or there is no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Local Government Act 2002.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and performance information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and performance information.

For the budget information reported in the financial statements and performance information, our procedures were limited to checking that the information agreed to the Company's statement of intent.

We did not evaluate the security and controls over the electronic publication of the financial statements and performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty

exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the information we audited or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We evaluate the overall presentation, structure and content of the performance information, including the disclosures, and assess whether the performance information achieves its statutory purpose of enabling the Company's readers to judge the actual performance of the Company against its objectives in its statement of intent.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board of Directors is responsible for the other information. The other information comprises all of the information included in the annual report other than the financial statements and the performance information consisting of the statement of service performance, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact.

As described in the *Basis for our opinion* section above, we are unable to obtain assurance that the reported reversal of impairment recognised within total revenue in the statement of comprehensive revenue and expense for the year ended 30 June 2025 and presented as comparatives is materially correct. Accordingly, the other information that includes financial information about the Company may be materially misstated with respect to this matter.

Independence

We are independent of the Company in accordance with the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* as applicable for audits of public interest entities issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have no relationship with, or interests in, the Company.



Jenna Hills
The Audit Office
On behalf of the Auditor-General
Dunedin, New Zealand
26 August 2026