

DUNEDIN RAILWAYS

WORLD CLASS TRAIN TRIPS



**Annual report
2024**



Contents

| | |
|---|-----------|
| Chair's Report..... | 3 |
| Sustainability..... | 4 |
| Statutory Information | 10 |
| Statement of Service Performance | 13 |
| Company Directory..... | 14 |
| Statement of Comprehensive Revenue and Expense | 15 |
| Statement of Changes in Equity | 16 |
| Statement of Financial Position | 17 |
| Statement of Cashflows | 19 |
| Notes to the Financial Statements..... | 21 |
| Independent Auditor's Report..... | 34 |



Chair's Report

Principal activities of the Company

Until March 2020, Dunedin Railways Ltd (the Company) operated a tourist and excursion train on the Taieri Gorge railway line and the coastal line north of Dunedin. Covid-19 severely impacted the Company, and it transitioned to hibernation from 1 July 2020. The Company's current focus is on maintaining key assets and operating a reduced schedule of services, including servicing the cruise ships, pending Dunedin City Council decisions about the Company's long-term future.

The directors of Dunedin City Holdings Ltd (DCHL) have assumed roles as directors of the Company over its hibernation period. Dunedin City Council has instructed DCHL to fund the Company over the financial years 2022, 2023, 2024, and 2025.

Year in review

| | Year Ended 30 June 2024 | Year Ended 30 June 2023 |
|--------------------------------------|----------------------------|----------------------------|
| | \$'000 | \$'000 |
| Revenue | 2,416 | 1,696 |
| Net surplus / (deficit) for the year | (1,355) | (978) |
| Shareholders' funds | 305 | 560 |
| Total assets | 657 | 774 |

Over the 2024 financial year, the team has focused on maintaining key rolling stock and the Taieri Gorge Line. Dunedin Venues Management Ltd managed the team and performed the Company's administrative functions for most of the 2024 financial year. In March 2024, DCHL hired a General Manager Commercial Operations to oversee all aspects of commercial operational activities.

The Company operated a schedule of passenger services, including a programme of services for cruise ships. Over the 2024 financial year, 25,002 passengers travelled on Dunedin Railways services to either Hindon, Waitati or Oamaru, compared with 16,493 passengers in the prior year.

The Company has been pleased to receive positive feedback about these services. Themed trains such as the Santa Express and the Halloween train were popular, and overseas visitors enjoyed both the Inlander and Seaside services on offer.

The Company's financial results were behind forecast due to lower numbers of cruise ships than had been anticipated.

Dunedin Railways is pleased to announce that from October 2024, the train will return to Pukerangi. The company is excited to work with tour operators again and looks forward to operating a range of services for cruise ships and local communities again in the 2025 financial year.

Dunedin City Council and Dunedin City Holdings Limited continue to look for alternative operating models that will keep Dunedin Railways in the city.

Tim Loan

Chair



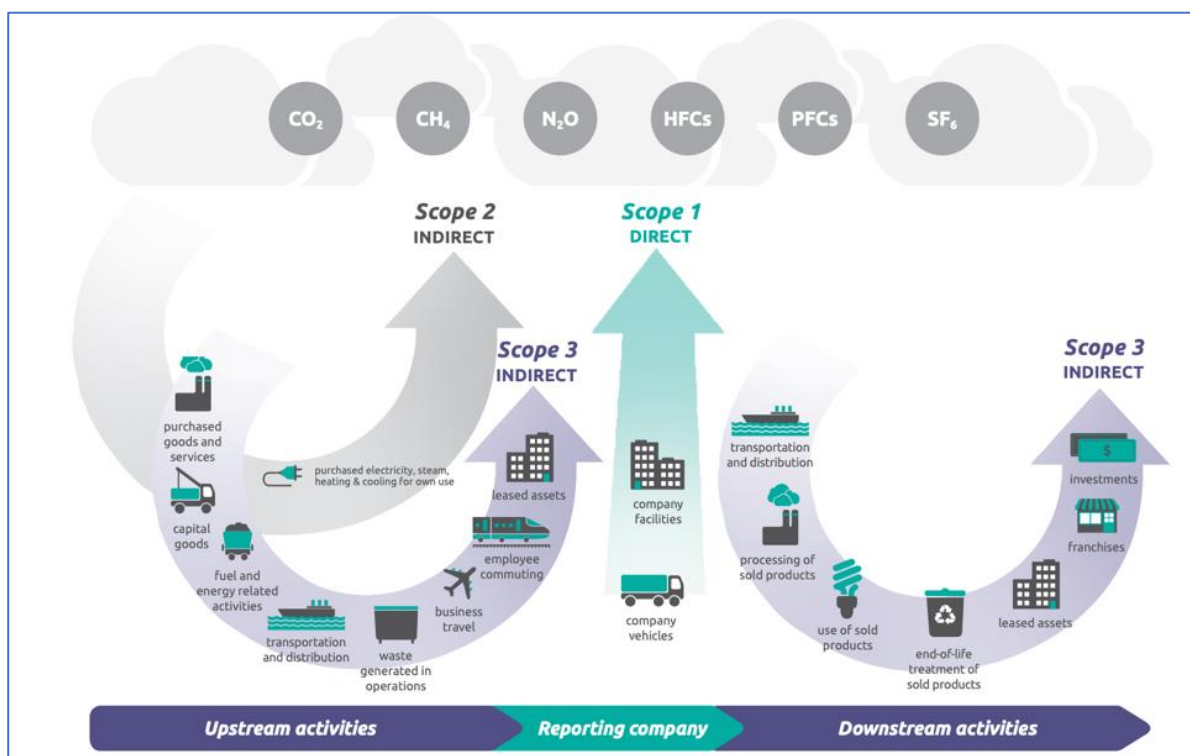
Sustainability

Greenhouse Gas Emissions

During the year we have assessed and measured our Greenhouse Gas (GHG) emissions. We completed this process in accordance with the requirements of the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) and ISO 14064-1:2006 Specification with Guidance at the Organisation Level for Quantification and Reporting of Greenhouse Gas Emissions and Removals.

Dunedin Railways created its first GHG inventory in the 2021 financial year and have been developing it further each year. We have at this stage focussed 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



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

- Mobile combustion emissions related to operating the trains.
- Mobile combustion emissions related to maintenance vehicles.

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.

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

Our Scope 3 emissions include the following:

- Waste generated in our offices.
- Business travel
- Freight transportation
- Electricity transmission and distribution losses

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

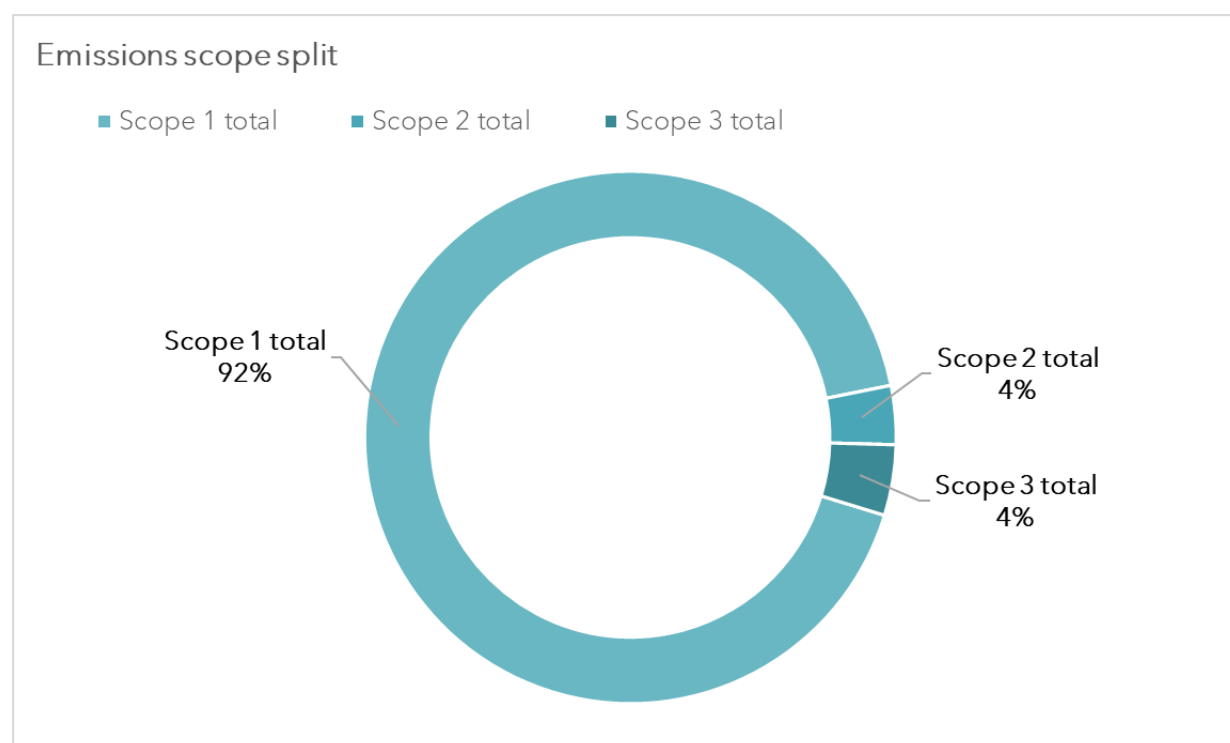
Emissions are reported as tonnes (t) of Carbon Dioxide (CO₂) equivalent (e); or tCO₂-e. “Carbon dioxide equivalent” is a standard unit for counting greenhouse gas emissions regardless of whether they are from carbon dioxide or another greenhouse gas.

The Company measured GHG emissions for the year end 30 June 2024 are 258.7 tCO₂-e.

Table 1 Emissions by Scope

| 2024 | | |
|--------------|---------------------|-------------|
| Scope | tCO ₂ -e | % of total |
| Scope 1 | 238.3 | 92% |
| Scope 2 | 9.3 | 4% |
| Scope 3 | 11.1 | 4% |
| Total | 258.7 | 100% |

Figure 2 Emissions by Scope



Emissions by Activity

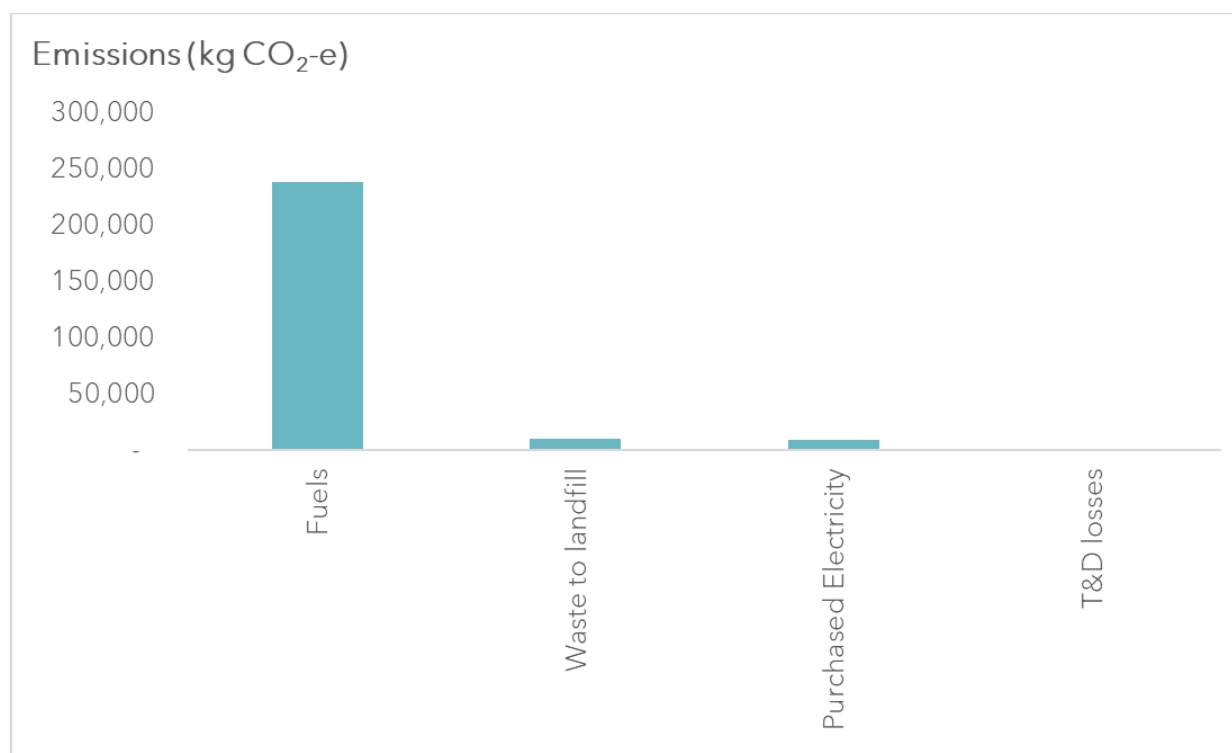
Our top emissions sources are summarised below.

Table 2 Emissions by activity

| | 2024 |
|--------------------------|----------------------|
| Category emission source | t CO ₂ -e |
| Fuels | 238.3 |
| Waste to landfill | 10.4 |
| Purchased Electricity | 9.3 |
| T&D losses | 0.7 |
| Total | 258.7 |

As the table above shows, fuel is the Company's highest source of emissions.

Figure 3 Emissions by activity



Reporting against baseline

The Company has taken an alternative approach to reporting against its baseline, in recognition of the varied operational profile the Company has had over recent years and could have over the next few years. Under this approach, emissions are monitored and reported as emissions “per train trip”. This allows the Company to target emission reduction, while minimising the impact from the volume of train trips operated.

Emissions “per train trip” in the 2024 year, and the baseline year, are reported below.

| | 2024 | Baseline (FY21) |
|---|------------|-----------------|
| Train trips operated | 151 | 27 |
| Total Company emissions (tCO ₂ -e) | 258.7 | 94.5 |
| Emissions per train trip (tCO₂-e) | 1.7 | 3.5 |

Carbon Reduction Strategy

During the 2022 financial year the Company developed an emissions reduction strategy and associated targets.

The strategy set an emissions reduction target to reduce our emissions by the year 2030. The emissions reduction target that we set is to achieve 46% reduction in our emissions per train trip by 2030, from our baseline of the 2021 financial year. As shown above we have achieved a 51% reduction in emissions per trip in 2024. The Company will continue to seek opportunities to reduce this further.

The Company's emissions reduction strategy focuses on gross emissions reduction which is demonstrated through the actions we have taken this year, as outlined below:

| Target initiative | Progress |
|--|---|
| Investigate opportunity to reduce diesel usage of the Company's power vans, by modifying the van to use regenerative power from the wheels when breaking | The Company has been working towards eliminating the use of a diesel generator to power the workshop. Permission for the change has been gained from the Dunedin City Council and the Company is now waiting on contractor availability. |
| Investigate electricity supply options of potential future workshop sites | Electricity supply options have been investigated, although not pursued at this stage pending decisions about future workshop sites which will be considered as part of future operating model work. |
| Review operational processes to determine where improvements can be made to reduce electricity and fuel usage: <ul style="list-style-type: none"> • Electricity usage at Wingatui station and throughout locations on the Taieri Gorge line • Use of heavy fuel oil • Petrol usage on the Company's maintenance vehicle | Further investigation has not been pursued at this stage pending decisions about future workshop sites which will be considered as part of future operating model work. <ul style="list-style-type: none"> • Electricity at Wingatui and along the Taieri Gorge line is less than 1% of overall GHG emissions; little opportunity to significantly reduce emissions. • No alternatives to heavy fuel oil have been identified at this time. • Potential to replace company vehicles with hybrid models also dependent on future operating model. |
| Develop a baseline measurement of emissions from the 2018-2019 financial year | FY2019 data was found to be insufficient to support development of a baseline. A baseline using 2021 data has been developed instead. |
| Implement waste strategy | Achieved. See below. |

The Company has adopted a target to be net zero carbon by 2030, as a contribution to Dunedin City Council's goal of achieving net carbon neutrality city-wide by 2030. Over the 2025 financial year we will continue engaging with our shareholders DCHL and Dunedin City Council regarding non-controllable emissions and the potential cost of offsetting residual emissions. We will also work with Dunedin City Council to identify alternative or complementary opportunities to contribute to the Dunedin City Council's city-wide net zero carbon goal.



Waste Reduction Strategy

The Company also developed a Waste Reduction Strategy in the 2022 financial year. This strategy records Dunedin Railways' commitment to reducing the volume of waste disposed of to landfill, per train trip, year-on-year.

In the 2024 financial year we set three activity-based targets, as reported below:

| Target initiative | Progress |
|--|---|
| Measure our waste, which will allow us to monitor and report our performance | <p>Waste measured in 2023 was 15,952kg</p> <p>Waste should be proportional to passengers carried. The Company carried 17,500 passengers in 2023 which is 0.9kg's of waste per passenger (pp).</p> <p>Total passengers carried in 2024 was 25,000 and total waste measured was 9,007kg. The waste pp was 0.4kg meaning there was 55% reduction pp.</p> |

The Company will continue to work on reducing its waste footprint in the coming year.

Zero Carbon

DCHL companies have been directed by the Dunedin City Council to reduce their organisational footprint. The companies have also committed to working alongside the Dunedin City Council to support city wide emissions reduction, as set out in the DCHL Carbon Reduction roadmap.

Dunedin City Wide Zero Carbon Targets

In 2019, the Dunedin City Council declared a climate emergency and brought forward its climate mitigation targets for the city as a whole. There are two targets as follows:

Target 1:

- Net zero carbon by 2030 (excluding biogenic methane):

Net zero carbon means that any greenhouse gases (excluding biogenic methane) emitted into the atmosphere in Ōtepoti Dunedin are in balance with the amount of carbon absorbed out of the atmosphere by trees, also known as sequestration.

Target 2:

- Reduce biogenic methane emissions:

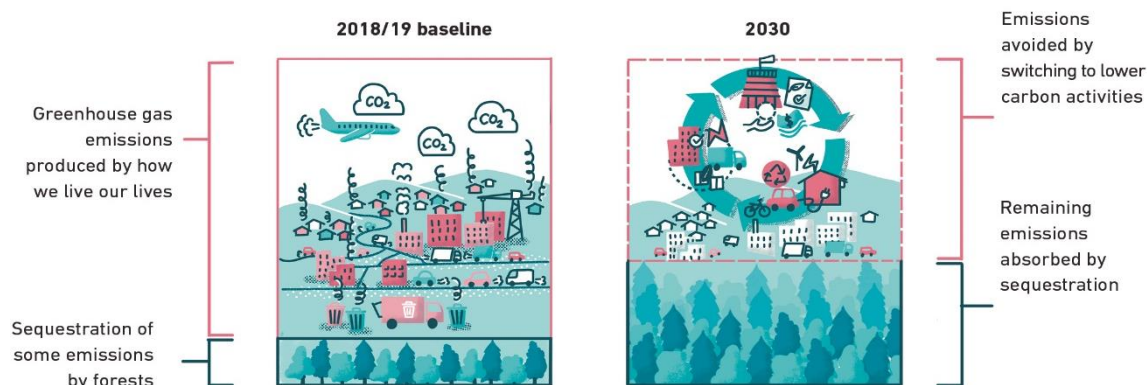
Biogenic methane is methane produced and released from living organisms like plants and animals. In 2021/22, 85% of the Dunedin City Territorial Area biogenic methane was generated by ruminant animals in agriculture, and 15% generated by waste to landfill and wastewater. The city's biogenic methane reduction targets are the same as the central government targets:

- o 10% reduction from 2017 levels by 2030.*
- o 24-47% reduction from 2017 levels by 2050.*



1 Net Zero Carbon by 2030

Dunedin can achieve net zero carbon (excluding biogenic methane) through reducing its total emissions by 40% and increasing its carbon sequestration by 64% upon 2018/19 levels. This would require significant reductions in emissions from transport, stationary energy, agriculture, and industrial processes and product use.



Net zero carbon means that any greenhouse gases (excluding biogenic methane) we emit into the atmosphere in Dunedin are in balance with the amount of carbon absorbed out of the atmosphere by trees, also known as sequestration.

2 Reduce biogenic methane emissions



Dunedin's biogenic methane reduction targets are the same as the central government targets

The **Zero Carbon Plan** sets out how Dunedin can achieve these two targets if everyone works together across the city.

The good news is, people and businesses in Dunedin have already been taking action.

Addressing climate change will take all of us. Work is underway at all levels - from international agreements, to national and city-level action, to organisations and households.

These two targets apply to the Dunedin City Territorial Area. Emissions are calculated using a predominately production-based methodology- the Global Protocol for Community-Scale Greenhouse Gas Inventories BASIC+. Emissions include those from stationary energy (e.g. electricity, coal, or biomass), transport, waste, industrial processes and product use, and the agriculture and forestry sectors.

The Global Protocol for Community-Scale Greenhouse Gas Inventories BASIC+ is production-based methodology which means it focusses on the emissions produced within the territorial area (such as petrol vehicles, livestock, and burning LPG in the city). It also includes emissions from electricity use and cross-boundary transport.

Globally produced emissions that relate to consumption in the city are excluded (e.g., embodied emissions relating to products produced elsewhere but consumed within the geographic area, such as imported food products, cars, phones, clothes etc.).

The city's emission footprint is calculated every three years, with the most recent footprint being calculated for the 2021/2022 financial year. The next scheduled footprint calculation will be completed for 2024/25.

Statutory Information

For the year ended 30 June 2024

Directors' interests register

As advised to the Company:

| Director | Declarations of Interests |
|--|---|
| Tim Loan 3 October 2022 – present | <p>Director & Chair, Dunedin City Holdings Ltd (Chair from 29.02.24)</p> <p>Director & Chair, Dunedin City Treasury Ltd (Chair from 29.02.24)</p> <p>Director, Dunedin Stadium Property Ltd</p> <p>Director & Shareholder, Abbot Insurance Brokers Southern Ltd</p> <p>Director, Finance Now Ltd (including subsidiary companies: TW Financial Services Operations Ltd, The Warehouse Financial Services Ltd and SBS Money Ltd)</p> <p>Director and Shareholder, LWB Holdings Ltd</p> <p>Director, Presbyterian Support Southland Holding Company Ltd</p> <p>Director, Presbyterian Support Southland Retirement Villages Ltd</p> <p>Director, 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)</p> |
| Greg Anderson 1 July 2023 - present | <p>Director, Dunedin City Holdings Limited</p> <p>Director, Dunedin City Treasury Limited</p> <p>Director, Dunedin Stadium Property Limited</p> <p>Director, Holmes GP Products Limited (including related entities: Switchback GP Limited, Whoosh GP Limited, Whoosh Hold GP Limited)</p> <p>Director & Shareholder, Northington Partners Limited (including subsidiary companies Northington Agricapital Limited, NPL Investments Limited and NPL No.1 Holdco Limited)</p> <p>Director & Shareholder, Cultivate Ventures GP Limited (including related entity NPL No. 2 LP Limited)</p> <p>Director & Shareholder, NZ Drinks Holdings Limited (including subsidiary NZ Drinks Limited)</p> <p>Director & Shareholder, Hedgebook Limited</p> <p>Director & Shareholder, Stirling Sports Limited</p> <p>Director & Shareholder, Reliable Foundations Holdings Limited (including subsidiary companies and related entities: Reliable Foundations NZ Limited, Reliable Foundations (South Island) Limited, RFL Earthworks NZ Limited, RFL Earthworks (South Island) Limited, Reliable Foundations GP Limited, NPL No.1 LP Limited)</p> <p>Director & Shareholder, Agri Realty Limited</p> <p>Director & Shareholder, Ra Tuatahi No. 1 Limited</p> <p>Trustee, St Margaret's College Foundation</p> |
| Susie Johnstone 1 March 2021 - present | <p>Director, Dunedin City Holdings Limited</p> <p>Director, Dunedin City Treasury Limited</p> <p>Director, Dunedin Stadium Property Limited</p> <p>Director & Shareholder, Shand Thomson Chartered Accountants</p> <p>Director & Shareholder, Johnstone Afforestation Ltd</p> <p>Trustee, Dunedin Diocese Trust Board</p> <p>Trustee, Clutha Community Foundation</p> <p>Trustee of various client trusts through Shand Thomson & Abacus Nominee Companies</p> |



| Director | Declarations of Interests |
|---|--|
| Chris Milne 1 July 2023 - present | Director, Dunedin City Holdings Limited Director, Dunedin City Treasury Limited Director, Dunedin Stadium Property Limited Director, Dunedin Railways Limited Director & Shareholder, Murray & Company Limited Chair, CSO Foundation Trust |
| Keith Cooper 1 July 2020 – 29 February 2024 | Director & Chair, Dunedin City Holdings Limited (ceased 29.02.24) Director & Chair Dunedin City Treasury Limited (ceased 29.02.24) Director, Dunedin Stadium Property Limited (ceased 29.02.24) Owner/Director, Littlebrook Farm Limited |
| Richard Thomson 1 July 2020 – 30 June 2024 | Director, Dunedin City Holdings Limited (ceased 30.06.24) Director, Dunedin City Treasury Limited (ceased 30.06.24) Director, Dunedin Stadium Property Limited (ceased 30.06.24) Director & Shareholder, Thomson & Cessford Limited (T/A Acquisitions) Deputy Chair, Hawksbury Community Living Trust (and subsidiary entities) Trustee, Healthcare Otago Charitable Trust Director, Central Otago Health Services Limited |

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 2024 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' 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

Keith Cooper's term as a Director ceased on 19 February 2024 and Richard Thompson's term as a Director ceased on 30 June 2024. Greg Anderson and Chris Milne were appointed as Director's with effect 1 July 2023.



Directors' remuneration

The remuneration paid to Directors during the year was:

| | For the year ended 30 June 2024 | For the year ended 30 June 2023 |
|--|------------------------------------|------------------------------------|
| Tim Loan (appointed 3 October 2022) | - | - |
| Greg Anderson (appointed 1 July 2023) | - | - |
| Susie Johnstone (appointed 1 March 2021) | - | - |
| Chris Milne (appointed 1 July 2023) | - | - |
| Keith Cooper (Chair, appointed 1 July 2020, ceased 26 February 2024) | - | - |
| Richard Thomson (appointed 1 July 2020, ceased 30 June 2024) | - | - |
| Linda Robertson (appointed 1 July 2020, ceased 16 October 2022) | - | - |
| Total | \$Nil | \$Nil |

Employees' remuneration

Data relating to employees whose remuneration and benefits exceeded \$100,000 for the year ended 30 June 2024 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 2024 | For the year ended 30 June 2023 |
|-----------------------|---------------------------------|---------------------------------|
| Remuneration band | Number of employees | Number of employees |
| \$130,000 - \$139,999 | 1 | - |
| \$120,000 - \$129,999 | - | 1 |
| \$100,000 - \$109,999 | 1 | - |

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 2024.

| | Male | Female |
|---|------|--------|
| Board | 4 | 1 |
| Management | 3 | 2 |
| All other employees (includes permanent and casual) | 15 | 3 |

Health and Safety

The Company continues to place high priority on health and safety. This financial year, health and safety work included the management of cruise ship passengers to and from Port Chalmers. Using the previously developed passenger management plans and analysing incidents recorded against our risk register allowed us to focus on controlling the risks that were contributing to the highest number of incidents. Significant work was completed on updating the Triggered Action Response Plans (TARPs) and the alerting system to manage response to possible operating incidents, weather events and natural disaster events in the Taieri Gorge. This work resulted in the Company receiving the NZTA Heritage and Tourist Rail Operators Award. NZTA conducted an external audit in December 2023 which resulted in no non-conformance's being found in the Company's compliance with the HSWA Act and Railways Act.

Dividends

The directors have recommended that no dividend be paid for the year ended 30 June 2024.

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 Audit New Zealand.



Statement of Service Performance

| Performance measures | Achievement |
|--|--|
| Hibernation Plan is prepared and reported on to the Board on a quarterly basis. | Achieved. |
| Target zero lost time injuries (LTI). | Not Achieved. There was 1 LTI during the reporting period. |
| People and Culture Strategy, and a Diversity, Equity and Engagement Strategy will be in place by 30 June 2024. | Achieved. |
| A draft 2024/2025 Statement of Intent will be submitted to the Shareholder by 1 March 2024. | Achieved. |
| Refine and continue to implement DRL's carbon emissions strategy developed in 2022, and achieve and publicly report progress against our FY2024 targets. | Achieved. |
| Refine and continue to implement DRL's waste reduction strategy developed in 2022, and achieve and publicly report progress against our FY2024 targets. | Achieved. |
| Measure and publicly report our Greenhouse Gas (GHG) emissions, and progress towards our emissions and waste reduction strategies and targets, in our Annual Report. | Achieved. |
| Ensure that all direct employees are paid at living wage or above. | Achieved. |
| Consult with the shareholders in a timely manner on DRL strategic or operational matters which could compromise Council's community outcomes. | Achieved. |
| Report to the shareholder within 24 hours of the Board becoming aware of any substantive matter, including any matter likely to generate media coverage. | Achieved. |

Financial performance

| | Target \$000 | Achievement \$000 |
|-------------------------------------|-----------------|----------------------|
| Shareholders' Funds to Total Assets | 100% | 46% |
| Dividend/Subvention Distributions | - | - |
| EBITDA | (363) | (1,322) |
| Net Surplus / (Deficit) after Tax | (388) | (1,355) |
| Cash Flow from Operations | (347) | (1,214) |
| Capital Expenditure | - | 84 |
| Term Loans | - | - |
| Shareholder's Funds | 428 | 305 |



Company Directory

As at 30 June 2024

Directors

Tim Loan (Chair)

Greg Anderson

Susan Johnstone

Chris Milne

Richard Thomson (resigned 30 June 2024)

Registered office

50 The Octagon

Dunedin

New Zealand

Bankers

Westpac Banking Corporation

Solicitors

Anderson Lloyd Lawyers

Taxation advisers

Deloitte

Auditor

Audit New Zealand on behalf of the Controller and Auditor-General



Statement of Comprehensive Revenue and Expense

For the year ended 30 June 2024

| | Note | 2024 \$000 | 2023 \$000 |
|---|------|----------------|---------------|
| Revenue | 3 | 2,398 | 1,665 |
| Interest received from funds on deposit | | 18 | 31 |
| Total revenue | | 2,416 | 1,696 |
| Less expenses | | | |
| Operating expenses | 4 | 3,771 | 2,674 |
| Total expenses | | 3,771 | 2,674 |
| Surplus (deficit) before tax | | (1,355) | (978) |
| Income tax expense (credit) | | - | - |
| Net surplus (deficit) from continuing operations | | (1,355) | (978) |
| Other comprehensive revenue and expense | | - | - |
| Total comprehensive revenue and expense | | (1,355) | (978) |

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 2024

| | Note | 2024 \$000 | 2023 \$000 |
|--|------|---------------|---------------|
| Equity at beginning of year | | 560 | 338 |
| Comprehensive revenue and expense | | | |
| Surplus/(deficit) from continuing operations | | (1,355) | (978) |
| | | (795) | (640) |
| Capital contributions from owners | 7 | 1,100 | 1,200 |
| Equity at the end of the year | | 305 | 560 |

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



Statement of Financial Position

As at 30 June 2024

| | Note | 2024 \$000 | 2023 \$000 |
|--------------------------------------|------|---------------|---------------|
| Equity | | | |
| Share capital | 7 | 10,847 | 9,747 |
| Retained earnings | 8 | (10,542) | (9,187) |
| Total equity | | 305 | 560 |
| Current liabilities | | | |
| Trade and other payables | 9 | 106 | 81 |
| Provisions | 10 | 246 | 133 |
| Total current liabilities | | 352 | 214 |
| Non-current liabilities | | | |
| Deferred tax liability (asset) | 11 | - | - |
| Total non-current liabilities | | - | - |
| Total liabilities | | 352 | 214 |
| Total equity and liabilities | | 657 | 774 |

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



Statement of Financial Position

As at 30 June 2024 (continued)

| | Note | 2024 \$000 | 2023 \$000 |
|-------------------------------|------|---------------|---------------|
| Current assets | | | |
| Cash and cash equivalents | 14 | 217 | 418 |
| Trade and other receivables | 15 | 55 | 42 |
| Inventories | 16 | 44 | 39 |
| Income tax | 6 | 6 | 4 |
| GST refund receivable | | 18 | 5 |
| Total current assets | | 340 | 508 |
| Non-current assets | | | |
| Property, plant and equipment | 17 | 317 | 266 |
| Intangible assets | 18 | - | - |
| Total non-current assets | | 317 | 266 |
| Total assets | | 657 | 774 |

For and on behalf of the board of directors:



Chair



Director

Date: 26 September 2024

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



Statement of Cashflows

For the year ended 30 June 2024

| | Notes | 2024 \$'000 | 2023 \$'000 |
|--|-------|-----------------------|---------------------|
| Cash flows from operating activities | | | |
| <i>Cash was provided from</i> | | | |
| Receipts from customers | | 2,714 | 1,873 |
| Interest received | | 18 | 15 |
| | | <u>2,732</u> | <u>1,888</u> |
| <i>Cash was disbursed to</i> | | | |
| Payments to suppliers and employees | | 3,910 | 2,786 |
| Income tax paid (received) | | 2 | 3 |
| Net GST movement | | 34 | 19 |
| | | <u>3,946</u> | <u>2,808</u> |
| Net cash inflows/(outflows) from operating activities | | <u>(1,214)</u> | <u>(920)</u> |
| Cash flows from investing activities | | | |
| <i>Cash was provided from</i> | | | |
| Sale of property, plant and equipment | | - | - |
| <i>Cash was disbursed to</i> | | | |
| Purchase of property, plant and equipment | | 87 | 21 |
| | | <u>87</u> | <u>21</u> |
| Net inflows/(outflows) from investing activities | | <u>(87)</u> | <u>(21)</u> |

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



Statement of Cashflows

For the Year Ended 30 June 2024 (continued)

| | Notes | 2024 \$000 | 2023 \$000 |
|--|-----------|---------------------|---------------------|
| Cash flows from financing activities | | | |
| <i>Cash was provided from</i> | | | |
| Contributions of capital | | 1,100 | 1,200 |
| Proceeds from borrowings | | | |
| | | <u>1,100</u> | <u>1,200</u> |
| <i>Cash was disbursed to</i> | | | |
| Repayment of borrowings | | - | - |
| | | <u>-</u> | <u>-</u> |
| Net cash inflows/(outflows) from financing activities | | <u>1,100</u> | <u>1,200</u> |
| Net increase (decrease) in cash | | (201) | 259 |
| Cash equivalents and bank overdraft | | | |
| Cash and cash equivalents at the beginning of the year | | 418 | 159 |
| Cash and cash equivalents at the end of the year | 14 | <u>217</u> | <u>418</u> |
| Composition of cash | | | |
| Cash and cash equivalents | | 217 | 418 |
| Bank overdraft | | - | - |
| Cash and cash equivalents at the end of the year | 14 | <u>217</u> | <u>418</u> |
| Represented by: Cash at bank | | <u>217</u> | <u>418</u> |

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



Notes to the Financial Statements

For the Year Ended 30 June 2024

1. Reporting Entity

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

Company Details:

- Incorporated in New Zealand under the Companies Act 1993
- A CCO as defined in the Local Government Act 2002.
- Registered address of the Company is 50 The Octagon, Dunedin.
- Classed as a Public Benefit Entity (PBE) for financial reporting.

Company shareholding interests:

- 100% owned by Dunedin City Holdings Limited which is wholly owned by Dunedin City Council.

The financial statements are presented in New Zealand dollars (the functional currency of the Company) and have been rounded to the nearest thousand.

These financial statements have been prepared in accordance with the PBE standards Reduced Disclosure Regime (RDR).

2. Material Accounting Policies

Statement of Compliance

The Company has opted to prepare the annual report as a Tier 2 Public Benefit entity as defined by the External Reporting Board; expenses less than \$30 million and not publicly accountable and has reported in accordance with PBE Standards RDR (New Zealand equivalents to International Reporting Standards with reduced disclosure requirements).

The financial statements have been prepared in accordance with generally accepted accounting practices in New Zealand (NZ GAAP).

The financial statements were authorised for issue by the Directors on 26 September 2024.

Basis of Preparation

The financial statements are prepared on a non-going concern basis. The Company ceased operations and was put into hibernation from 1 July 2020. There continues to be uncertainty associated with the future of the Company and a decision on the future of the Company will not be known until next year.

The accounting policies set out below have been applied consistently to all periods in these financial statements.



Notes to the Financial Statements

For the Year Ended 30 June 2024

2. Material Accounting Policies (Continued)

Standards Amended or Issued During the Year

During the period, there were no new or amended accounting standards which materially affected the Company or its reporting.

Standards or Interpretations Not Yet Effective

No new accounting standards or interpretations that will become effective after the period are expected to have a material impact on the Company.

Critical Accounting Estimates and Assumptions

In preparing these financial statements, the Company has made judgements and assumptions concerning the future. These estimates and assumptions may differ from subsequent actual results. Estimates and judgments are continually evaluated.

Good and Service Tax (GST)

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

Financial Instruments

Financial instruments are contracts that give rise to financial assets or liabilities that are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Provisions

A provision is recognised in the Statement of Financial Position when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.



Notes to the Financial Statements

For the Year Ended 30 June 2024

| | 2024 \$000 | 2023 \$000 |
|-------------------|---------------|---------------|
| 3. Revenue | | |
| Sales revenue | 2,398 | 1,665 |
| | <u>2,398</u> | <u>1,665</u> |

Revenue Accounting Policy

Sales revenue

Revenue from ticket sales is recognised as revenue in advance at the fair value of the consideration received. Amounts are transferred to revenue in the Statement of Comprehensive Revenue and Expense when it is probable that the economic benefits associated with the transaction will flow to the entity.

Sales of goods are recognised when significant risks and rewards of owning the goods are transferred to the buyer and when the revenue can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and goods and services tax (GST).

Revenue is recognised in the Statement of Comprehensive Revenue and Expense as performance obligations are met. Contract assets and contract liabilities are included within "Trade and other receivables" and "Contract liabilities" respectively on the face of the Statement of Financial Position.

4. Operating Expenses

| | | |
|--------------------------------------|--------------|--------------|
| Audit fees - audit of annual report | 39 | 32 |
| Contractors, materials & consumables | 1,928 | 1,499 |
| Depreciation | 33 | 23 |
| Employee expenses | 1,464 | 958 |
| Other expenses | 306 | 162 |
| | <u>3,771</u> | <u>2,674</u> |

5. Earnings per Share

| | | |
|---|------------|-----------|
| Earnings per share from continuing operations (cents per share) | (12.49) | (10.03) |
| Number of shares | 10,846,900 | 9,746,900 |



Notes to the Financial Statements

For the Year Ended 30 June 2024

| | 2024 \$000 | 2023 \$000 |
|--|---------------|---------------|
| 6. Taxation | | |
| Operating surplus/(deficit) before tax - continuing operations | (1,355) | (978) |
| Operating surplus/(deficit) before income tax | (1,355) | (978) |
| Tax thereon at 28% | (379) | (274) |
| <i>Plus / (less) the tax effect on differences</i> | | |
| Expenditure not deductible for taxation | - | - |
| Under/(over) provision in prior years | - | - |
| Derecognise deferred tax asset | 379 | 274 |
| Tax effect of differences | 379 | 274 |
| 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 surplus 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 \$345,427 as at 30 June 2024 (2023: \$343,422).



Notes to the Financial Statements

For the Year Ended 30 June 2024

| | 2024 \$000 | 2023 \$000 |
|--|---------------|---------------|
|--|---------------|---------------|

7. Equity – Share Capital

Issued capital

| | | |
|----------------------------|--------|-------|
| 10,846,900 ordinary shares | 10,847 | 9,747 |
|----------------------------|--------|-------|

1,100,000 ordinary shares were issued during the year.

8. Retained Earnings

| | | |
|---|----------|---------|
| Balance at the beginning of the year | (9,187) | (8,209) |
| Total comprehensive revenue and expense | (1,355) | (978) |
| Dividend distributions | - | - |
| Balance at the end of the year | (10,542) | (9,187) |

9. Trade and Other Payables

| | | |
|------------------------|-----|----|
| Trade payables | 84 | 81 |
| Due to related parties | 22 | - |
| | 106 | 81 |

Trade and Other Payables Accounting Policy

Trade and other payables are stated at cost.

10. Provisions

Current

| | | |
|---------------------------------|-----|-----|
| Accruals and revenue in advance | 151 | 71 |
| Employee entitlements | 95 | 62 |
| | 246 | 133 |

Employee Entitlements Accounting Policy

Entitlements to salary and wages and annual leave are recognised when they accrue to employees. This includes the estimated liability for salaries and wages and annual leave as a result of services rendered by employees up to balance date at current rates of pay.

Entitlements to long service leave are based on the reasonable likelihood that they will be earned by employees and paid by the Company.

Notes to the Financial Statements

For the Year Ended 30 June 2024

11. Deferred Tax Liability

| 2024 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 |
|--------------------------------|--------------------------------------|----------------------------------|-----------------------------------|--|---|--------------------|------------|
| | <i>Opening Balance Sheet</i> | <i>Charged to Equity</i> | <i>Charged to Revenue</i> | <i>Subvention (Receipt)/ Payment</i> | <i>Closing Balance Sheet Assets</i> | <i>Liabilities</i> | <i>Net</i> |
| Receivables | - | - | - | - | - | - | - |
| Inventories | (98) | - | - | - | (98) | - | (98) |
| Property, plant and equipment | (673) | - | 92 | - | (581) | - | (581) |
| Employee entitlements | (14) | - | (9) | - | (23) | - | (23) |
| Provisions and adjustments | - | - | - | - | - | - | - |
| Tax losses | (1,809) | - | (462) | - | (2,271) | - | (2,271) |
| Derecognise DTA/DTL | 2,594 | - | 379 | - | 2,973 | - | 2,973 |
| Balance at the end of the year | - | - | - | - | - | - | - |

| 2023 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 |
|--------------------------------|--------------------------------------|----------------------------------|-----------------------------------|--|---|--------------------|------------|
| | <i>Opening Balance Sheet</i> | <i>Charged to Equity</i> | <i>Charged to Revenue</i> | <i>Subvention (Receipt)/ Payment</i> | <i>Closing Balance Sheet Assets</i> | <i>Liabilities</i> | <i>Net</i> |
| Receivables | - | - | - | - | - | - | - |
| Inventories | (98) | - | - | - | (98) | - | (98) |
| Property, plant and equipment | (771) | - | 98 | - | (673) | - | (673) |
| Employee entitlements | (8) | - | (6) | - | (14) | - | (14) |
| Provisions and adjustments | - | - | - | - | - | - | - |
| Tax losses | (1,443) | - | (366) | - | (1,809) | - | (1,809) |
| Derecognise deferred tax asset | 2,320 | - | 274 | - | 2,594 | - | 2,594 |
| Balance at the end of the year | - | - | - | - | - | - | - |

A deferred tax asset has not been recognised in relation to tax losses of \$8,110,000 (tax effect \$2,271,000) and temporary differences of \$2,507,000 (tax effect \$702,000).

Notes to the Financial Statements

For the Year Ended 30 June 2024

| 2024 | 2023 |
|-------|-------|
| \$000 | \$000 |

11. Deferred Tax Liability (Continued)

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.

12. Capital Expenditure Commitments

Capital expenditure committed at balance date but not provided for in the financial statements

| | |
|---|---|
| - | - |
| - | - |

13. Lease Commitments

The Company leases a photocopier and EFTPOS terminal. Both leases are considered short-term, low value assets. The Company does not currently hold any further lease commitments.

Leases Accounting Policy

Assets held under leases are treated as operating leases. Rentals payable are expensed on a straight-line basis over the term of the relevant lease.

14. Cash and Cash Equivalents

| | | |
|-------------------|-----|-----|
| Cash and bank | 217 | 118 |
| Deposit with DCTL | - | 300 |
| | 217 | 418 |

Cash and Cash Equivalents Accounting Policy

Cash and cash equivalents comprise of cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts.

Bank overdrafts or short-term borrowings are shown within the cash or cash equivalents figure in either the current liabilities or current assets of the balance sheet.

Notes to the Financial Statements

For the Year Ended 30 June 2024

| | 2024 \$000 | 2023 \$000 |
|--|---------------|---------------|
| 15. Trade and Other Receivables | | |
| Trade receivables | 56 | 43 |
| Due from related parties | - | - |
| Less: Expected credit losses | (1) | (1) |
| | <u>55</u> | <u>42</u> |
| Disclosed as: | | |
| Trade and other receivables | 55 | 42 |

Trade and Other Receivables Accounting Policy

Trade and other receivables are stated at cost less any allowances for expected credit losses.

16. Inventory

| | | |
|--------------------------|-----------|-----------|
| Raw materials and stores | 44 | 32 |
| Consumables for resale | - | 7 |
| | <u>44</u> | <u>39</u> |

Inventory Accounting Policy

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.



Notes to the Financial Statements

For the Year Ended 30 June 2024

17. 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 2024: | | | | | | | |
| Cost or Valuation | | | | | | | |
| Balance at beginning of period | - | 234 | - | 85 | 3 | - | 322 |
| Purchases | - | 20 | - | 64 | - | - | 84 |
| Sales/disposals | - | - | - | - | - | - | - |
| Impairment | - | - | - | - | - | - | - |
| Balance at end of period | - | 254 | - | 149 | 3 | - | 406 |
| Accumulated depreciation | | | | | | | |
| Balance at beginning of period | - | 42 | - | 11 | 3 | - | 56 |
| Depreciation | - | 15 | - | 18 | - | - | 33 |
| Sales/disposals | - | - | - | - | - | - | - |
| Impairment | - | - | - | - | - | - | - |
| | - | 57 | - | 29 | 3 | - | 89 |
| Balance at end of period | - | 197 | - | 120 | - | - | 317 |

| | Buildings \$'000 | Rolling stock \$'000 | Track \$'000 | Plant & equipment \$'000 | Vehicles \$'000 | Work in progress \$'000 | Total \$'000 |
|---------------------------------|---------------------|----------------------------|-----------------|--------------------------------|--------------------|-------------------------------|-----------------|
| Year ended 30 June 2023: | | | | | | | |
| Cost or valuation | | | | | | | |
| Balance at beginning of period | - | 234 | - | 66 | 3 | - | 303 |
| Purchases | - | - | - | 19 | - | - | 19 |
| Sales/disposals | - | - | - | - | - | - | - |
| Impairment | - | - | - | - | - | - | - |
| Balance at end of period | - | 234 | - | 85 | 3 | - | 322 |
| Accumulated depreciation | | | | | | | |
| Balance at beginning of period | - | 29 | - | 1 | 2 | - | 32 |
| Depreciation | - | 13 | - | 10 | 1 | - | 24 |
| Sales/disposals | - | - | - | - | - | - | - |
| Impairment | - | - | - | - | - | - | - |
| | - | 42 | - | 11 | 3 | - | 56 |
| Balance at end of period | - | 192 | - | 74 | - | - | 266 |



Notes to the Financial Statements

For the Year Ended 30 June 2024

17. Property, Plant and Equipment (Continued)

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:

| | | |
|------------------------|----------------------------|--------------|
| Rolling stock 2% - 33% | Plant & equipment 6% - 67% | Vehicles 21% |
|------------------------|----------------------------|--------------|

PBE IPSAS 21 *Impairment of non-cash generating assets*, classifies that cash-generating assets are those assets that are held with the primary objective of generating a commercial return, and non-cash generating assets are those that are not. Given the Company's hibernation state and current shift in focus away from generating a commercial return, it has classified its property, plant and equipment as non-cash generating assets.

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.

In determining fair value less costs to sell, the company assesses market value based on the best available information.

For each asset, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment deficits may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's recoverable service amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable service amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable service amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the surplus or deficit.



Notes to the Financial Statements

For the Year Ended 30 June 2024

| | 2024 \$000 | 2023 \$000 |
|---------------------------------|---------------|---------------|
| 18. Intangible Assets | | |
| Software | | |
| Cost or valuation | | |
| Balance at beginning of period | 98 | 98 |
| Purchases | - | - |
| Impairment | (98) | - |
| Balance at end of period | - | 98 |
| Accumulated depreciation | | |
| Balance at beginning of period | 98 | 98 |
| Depreciation | - | - |
| Impairment | (98) | - |
| | - | 98 |
| Balance at end of period | - | - |

Intangible Assets Accounting Policy

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software are recognised as an expense when incurred.

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the statement of comprehensive revenue and expense. The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Software 40%



Notes to the Financial Statements

For the Year Ended 30 June 2024

| | 2024 | 2023 |
|--|-------|-------|
| | \$000 | \$000 |

19. 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.

Amounts receivable from and payable to related parties at balance date are disclosed in notes 9 and 15.

Transactions with the Dunedin City Council

| | | |
|--|----|---|
| Purchases of goods and services from the Dunedin City Council | | |
| Rates, events, leases | 6 | 7 |
| Revenue from goods and services provided to the Dunedin City Council | | |
| Ticket Revenue | 28 | - |

Transactions with Dunedin City Holdings Limited

| | | |
|---|-------|-------|
| Investment from Dunedin City Holdings Limited | | |
| Shares purchased | 1,100 | 1,200 |

Transactions with the Dunedin City Treasury Limited

| | | |
|-------------------------------------|---|-----|
| Interest received | 1 | 21 |
| Funds held on behalf of the Company | - | 300 |

Transactions with the Dunedin Venues Management Limited

| | | |
|--|-----|-----|
| Purchases of goods and services from Dunedin Venues Management Limited | | |
| Management fees | 200 | 230 |
| Expenses oncharged | 41 | 38 |

Transactions with Shand Thomson Limited

| | | |
|--|---|---|
| Sales of services to Shand Thomson Limited | | |
| Charter services | - | 2 |

Transactions with Delta Utility Services Limited

| | | |
|---|---|---|
| Purchases of goods and services from Delta Utility Services Limited | | |
| Contractor services | 2 | - |

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

| | | |
|----------------------------------|-----|-----|
| Short - term employment benefits | 185 | 120 |
|----------------------------------|-----|-----|

Notes to the Financial Statements

For the Year Ended 30 June 2024

| | 2024 | 2023 |
|--|-------|-------|
| | \$000 | \$000 |

20. Financial Risk

| | | |
|--|-----|-----|
| Loan facility limit – Dunedin City Treasury Limited. | 500 | 500 |
|--|-----|-----|

Dunedin City Treasury Limited co-ordinates access to domestic markets for all group members. They monitor and manage the financial risks relating to the operations of the Company. These risks include market risk, credit risk and liquidity risk.

Liquidity risk represents the Company’s ability to meet its contractual obligations. The Company evaluates its liquidity requirements on an ongoing basis and has credit lines to meet these requirements.

Capital Management Strategy

The capital of the Company is its equity, which is comprised of subscribed capital and retained earnings. Equity is represented by net assets. The Company manages its capital to ensure that it will be able to continue to operate until 30 June 2025 and optimises the balance of debt to equity on a prudent basis in consultation with its Shareholders.

The Directors perform continual reviews of operating strategies and financial performance, and include in those reviews, any strategies required to protect the capital of the Company.

The Company is required to provide to Dunedin City Holdings Limited an Annual Statement of Intent.

21. Events Subsequent to Balance Date

Dunedin City Council and Dunedin City Holdings Limited continue to look for alternative operating models that will keep Dunedin Railways in the city. A decision on the future of the Company is not expected until in the next financial year. Dunedin City Council has committed funding for the Company for the 2024/25 financial year. It is expected the future operations of the Company will be subject to consultation as part of the Dunedin City Council’s nine years long-term plan consultation next year.

As there is a high degree of uncertainty associated with the future of the Company, the financial statements have been prepared on a non-going concern basis of accounting (as per note 2 basis of preparation).

The Company has made two share issues since 30 June 2024, first on 16 July 2024 for 750,000 fully paid shares and another on 3 September 2024 for 500,000 fully paid shares, valued at \$1 each.



Independent Auditor's Report

To the readers of Dunedin Railways Limited's financial statements and statement of service performance for the year ended 30 June 2024

The Auditor-General is the auditor of Dunedin Railways Limited (the Company). The Auditor-General has appointed me, Rudie Tomlinson, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the statement of service performance of the Company on his behalf.

We are required to audit the financial statements of the Company on pages 15 to 33 that comprise the statement of financial position as at 30 June 2024, 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 accounting policies and other explanatory information.

We have audited the statement of service performance of the Company on page 13.

Disclaimer of opinion on the financial statements

We do not express an opinion on the financial statements of the Company.

Because of the significance of the matter described in the Basis for our disclaimer of opinion on the financial statements section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements.

Qualified opinion on the statement of service performance

In our opinion, except for the possible effects of the matter described in the Basis for our qualified opinion on the statement of service performance section of our report, the statement of service performance of the Company on page 13 presents fairly, in all material respects, the Company's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Company's objectives for the year ended 30 June 2024.

Our audit was completed on 26 September 2024. This is the date at which our opinion is expressed.

The basis for our disclaimer of opinion on the financial statements and qualified opinion on the statement of service performance is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the statement of service performance, and we explain our independence.

Basis for our disclaimer of opinion on the financial statements

As outlined in the accounting policies in note 2 on page 21, the Company was put into hibernation from 1 July 2020.

In the year ended 30 June 2020, the Company substantially impaired the carrying amount of its property, plant and equipment and inventory assets to their recoverable amount (based on scrap value or sale value). These impaired values were also the basis for reporting these assets in the 30 June 2023 financial statements, which are presented as comparative information.

Our audit report contained a disclaimer of opinion on the 30 June 2020, 30 June 2021, 30 June 2022 and 30 June 2023 financial statements because we were unable to obtain adequate evidence to support the written-down values of these assets.

While the company now operates a limited schedule of passenger services, there remains a high degree of uncertainty associated with the future of the Company and a decision on its future will not be known until next year following long-term plan consultation.

For the current year, the Board of Directors of the Company has assessed that there has been no change in the recoverable amount of the Company's assets from the prior year and no further evidence has been provided to support the amounts recognised as at 30 June 2024 for property, plant and equipment of \$317,000 and inventories of \$44,000. Further, because of the high degree of uncertainty surrounding the future of the Company, it is difficult to assess the value of the assets' remaining service potential.

As a consequence of the above, the scope of our audit was limited because we are unable to determine whether any adjustments are necessary to the carrying values of the Company's property, plant and equipment and inventories for the current year and comparative year.

Basis for our qualified opinion on the statement of service performance

The statement of service performance contains certain financial related performance measures derived from the financial statements. As a consequence of the impact of the matters described above on the financial statements, we were also unable to obtain sufficient appropriate evidence to support the "shareholders' funds to total assets", "EBITDA", "net profit/(loss) after tax" and "shareholder's funds" financial related performance measures presented on page 13.

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 in respect of the statement of service performance is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of the Board of Directors for the financial statements and the statement of service performance

The Board of Directors is responsible on behalf of the Company for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparing the statement of service performance for the Company.

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

In preparing the financial statements and the statement of service performance, 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 the Board of Directors intends to liquidate the Company or to cease operations, or has 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

Our responsibility is to carry out an audit of the financial statements 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.

However, because of the matters described in the Basis for our disclaimer of opinion on the financial statements section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements.

The statement of service performance

Our objective is to obtain reasonable assurance about whether the statement of service performance, 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 the statement of service performance.

We did not evaluate the security and controls over the electronic publication of the statement of service performance.

As part of an audit of the statement of service performance 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 statement of service performance, 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 the reported statement of service performance within the Company's framework for reporting its performance.
- We evaluate the overall presentation, structure and content of the statement of service performance, including the disclosures, and whether the statement of service performance represents the underlying events in a manner that achieves fair presentation.

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.

Independence

We are independent of the Company in accordance with the independence requirements of 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) (PES 1) issued by the New Zealand Auditing and Assurance Standards Board.

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



Rudie Tomlinson
Audit New Zealand
On behalf of the Auditor-General
Dunedin, New Zealand