



# Interim Report

For the six months ended  
31 December 2020



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## Directors' report

The Directors of Dunedin Railways Limited are pleased to present their report for the six months ended 31 December 2020.

## Result

The company returned a loss after tax of \$83,000 in the half year to 31 December 2020 compared with a loss after tax of \$862,000 in the half year to 31 December 2019.

## Review of operations

Dunedin Railways Limited operates a tourist train on the Taieri Gorge and Pacific Coastal railway lines, and provides other train services.

The Company entered hibernation mode on 1 July 2020. Six staff remain employed by the Company, to actively maintain key assets during hibernation.

Focus has turned to identifying and evaluating options for sustainable tourism offerings based on the Company's assets. This work is being led by Dunedin Venues Management Limited (DVML), a sibling company, with experience and expertise in the tourism and visitor sector. A Reference Group has been established to ensure broad input.

A report will be presented to Council in early 2021 setting out options for the Company's future. Decisions will then be for Dunedin City Council to make.

From 20 December 2020, Dunedin Railways Limited has been operating limited rail services for the Trains Not Planes promotion, which will run until 31 March 2021.

## Dividends

No dividends were paid by the Company.

## Events after balance sheet date

There were no significant events after the reporting period that would require adjustment or disclosure.

## Statement of responsibility

The Directors accept responsibility for the preparation of the interim financial statements and the judgements used in them.

The Directors accept responsibility for establishing and maintaining a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of financial reporting; and

In the opinion of the Directors, the interim financial statements to 31 December 2020 fairly reflect the financial position and operations of Dunedin Railways Limited.

On behalf of the Directors:



Director



Director

Date 4 February 2020

**Statement of comprehensive income**  
**For the six months ending 31 December 2020**

	unaudited 6 months to 31 Dec 2020 \$'000	unaudited 6 months to 31 Dec 2019 \$'000	audited full year to 30 Jun 2020 \$'000
Operating Revenue	47	2,831	6,145
Government Grants	578	-	370
<b>Total income</b>	<b>625</b>	<b>2,831</b>	<b>6,515</b>
Less expenses:			
Audit fees	12	10	23
Directors remuneration	-	55	91
Depreciation	7	264	450
Interest to Dunedin City Treasury Limited	-	49	88
Impairment	-	-	4,486
Other operating expenses	721	3,650	8,008
<b>Total expenses</b>	<b>740</b>	<b>4,028</b>	<b>13,146</b>
<b>Net loss before tax</b>	<b>(115)</b>	<b>(1,197)</b>	<b>(6,631)</b>
Income tax (expense)/credit	(32)	(335)	(25)
<b>Net loss after tax</b>	<b>(83)</b>	<b>(862)</b>	<b>(6,606)</b>
Other comprehensive income:			
Interest rate swap hedges gains (losses) during the year	-	-	-
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>	<b>(83)</b>	<b>(862)</b>	<b>(6,606)</b>

**Statement of changes in equity**  
**For the six months ending 31 December 2020**

	<b>Share capital</b>	<b>Retained earnings</b>	<b>Total equity</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>unaudited</b>			
<b>Equity as at 1 July 2020</b>	6,822	(6,365)	457
Shareholder contributions	-	-	-
Loss after income tax	-	(83)	(83)
Other comprehensive income for the period	-	-	-
<b>Equity as at 31 December 2020</b>	<b>6,822</b>	<b>(6,448)</b>	<b>374</b>
<b>Equity as at 1 July 2019</b>	1,572	241	1,813
Shareholder contributions	1,000	-	1,000
Loss after income tax	-	(862)	(862)
Other comprehensive income for the period	-	-	-
<b>Equity as at 31 December 2019</b>	<b>2,572</b>	<b>(621)</b>	<b>1,951</b>
<b>audited</b>			
<b>Equity as at 1 July 2019</b>	1,572	241	1,813
Shareholder contributions	5,250	-	5,250
Loss after income tax	-	(6,606)	(6,606)
Other comprehensive income for the period	-	-	-
<b>Equity as at 30 June 2020</b>	<b>6,822</b>	<b>(6,365)</b>	<b>457</b>

**Statement of financial position  
As at 31 December 2020**

	<i>Note</i>	<b>unaudited 6 months to 31 Dec 2020 \$'000</b>	<b>unaudited 6 months to 31 Dec 2019 \$'000</b>	<b>audited full year to 30 Jun 2020 \$'000</b>
<b>Current assets</b>				
Cash and cash equivalents		75	209	229
Trade and other receivables		109	730	14
Inventories		56	506	61
Prepayments		23	51	-
Current taxation asset		44	335	47
<b>Total current assets</b>		<b>307</b>	<b>1,831</b>	<b>351</b>
<b>Non-current assets</b>				
Property, plant and equipment	3	228	4,525	236
Intangible assets		-	60	-
<b>Total non - current assets</b>		<b>228</b>	<b>4,585</b>	<b>236</b>
<b>Total assets</b>		<b>535</b>	<b>6,416</b>	<b>587</b>
<b>Current liabilities</b>				
Trade and other payables		44	880	36
Contract liabilities		14	-	16
Provision for employee entitlements		36	383	-
Other current liabilities (provisions)		67	-	45
<b>Total current liabilities</b>		<b>161</b>	<b>1,263</b>	<b>97</b>
<b>Non-current liabilities</b>				
Provisions		-	-	33
Term borrowings	4	-	3,130	-
Deferred tax liability		-	25	-
OETT shareholder's advance		-	47	-
<b>Total non-current liabilities</b>		<b>-</b>	<b>3,202</b>	<b>33</b>
<b>Total liabilities</b>		<b>161</b>	<b>4,465</b>	<b>130</b>
<b>Equity</b>				
Share capital		6,822	2,572	6,822
Retained earnings (deficits)		(6,448)	(621)	(6,365)
<b>Total equity</b>		<b>374</b>	<b>1,951</b>	<b>457</b>
<b>Total liabilities and equity</b>		<b>535</b>	<b>6,416</b>	<b>587</b>

**Statement of cash flows**  
**For the six months ending 31 December 2020**

	<b>unaudited 6 months to 31 Dec 2020 \$'000</b>	<b>unaudited 6 months to 31 Dec 2019 \$'000</b>	<b>audited full year to 30 Jun 2020 \$'000</b>
<i>Note</i>			
<b>Cash flow from operating activities</b>			
<i>Cash was provided from</i>			
Receipts from customers	651	3,359	6,580
	651	3,359	6,580
<i>Cash was disbursed to</i>			
Interest paid	-	49	88
Payments to suppliers & employees	818	4,759	8,994
Income tax paid	-	-	25
Net GST movement	(13)	-	40
	805	4,808	9,147
Net cash flow from operating activities	(154)	(1,449)	(2,567)
<b>Cash flow from investing activities</b>			
<i>Cash was disbursed to</i>			
Purchase of property, plant and equipment	-	328	264
Net cash flow from investing activities	-	(328)	(264)
<b>Cash flow from financing activities</b>			
<i>Cash was provided from</i>			
Funds from shareholders	-	720	5,250
Borrowings from DCTL	-	2,584	5,724
	-	3,304	10,974
<i>Cash was disbursed to</i>			
Repayment of borrowings to DCTL	-	1,344	7,940
	-	1,344	7,940
Net cash flow from financing activities	-	1,960	3,034
<b>Net increase/(decrease) in cash and cash equivalents</b>	(154)	183	203
Opening cash and cash equivalents	229	26	26
<b>Closing cash and cash equivalents</b>	75	209	229



## **Notes to the financial statements (unaudited) For the six months ending 31 December 2020**

### **1 Reporting entity**

The financial statements presented are for the reporting entity Dunedin Railways Limited.

#### Company Details:

Incorporated in NZ under the Companies Act 1993.

A Council Controlled Trading Organisation as defined in the Local Government Act 2002.

Registered address of the company is 50 The Octagon, Dunedin.

Classed as a For-profit entity for financial reporting.

Dunedin Railways Limited. Shareholding interests:

100% owned by Dunedin City Holdings who are wholly owned by Dunedin City Council.

The financial statements of Dunedin Railways Limited are for the six months ended 31 December 2020 and comply with the Financial Reporting Act 1993.

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

### **2 Basis of preparation**

The financial statements for the period ended 31 December 2020 are unaudited.

The financial statements have been prepared in accordance with and comply with NZ IAS 34, Interim Financial Reporting as it applies to Tier 2 entities, and should be read in conjunction with the audited financial statements for the year ended 30 June 2020.

The financial statements are prepared on a non-going concern basis of accounting. The Company was put into hibernation from 1 July 2020. The Company is operating limited services from 20 December 2020 to 31 March 2021 relating to the Trains Not Planes promotion. There is a high degree of uncertainty associated with the future of the Company and a decision on the future of the Company will not be known until early 2021.

The accounting policies applied are consistent with those published in the annual report for the year ended 30 June 2020.

The judgements, estimates and assumptions used to prepare these interim financial statements are consistent with those used at 30 June 2020.

**Notes to the financial statements (unaudited)**  
**For the six months ending 31 December 2020**

**3 Property, plant and equipment**

	<b>6 months to 31 Dec 2020 \$'000</b>	<b>6 months to 31 Dec 2019 \$'000</b>	<b>12 months to 30 Jun 2020 \$'000</b>
Additions (cost)	-	301	599
Disposals (cost)	-	(48)	(337)
Impairment (cost)	-	-	(7,961)

There have been no material changes in fair value for all property, plant and equipment asset classes for the current year.

**4 Term borrowings**

	<b>6 months to 31 Dec 2020 \$'000</b>	<b>6 months to 31 Dec 2019 \$'000</b>	<b>12 months to 30 Jun 2020 \$'000</b>
Dunedin City Treasury Limited Loan balance	-	3,130	-

**5 Financial instruments**

All financial assets are recognised at cost/face value while financial liabilities are recognised at amortised cost except derivative financial instruments which are recognised at fair value.

**6 Contingent liabilities**

The company has no contingent liabilities at the end of each reporting period.

**7 Industry segment reporting**

The company operates a single business stream being a tourism based passenger train service, in a single geographic segment, the South Island of New Zealand.



## Directory

### Directors

Keith Cooper (Chair)  
Kathleen Grant  
Christopher Hopkins  
Linda Robertson  
Richard Thomson

### Registered Office

50 The Octagon  
Dunedin 9016

### Bankers

Westpac  
Dunedin

### Solicitors

Anderson Lloyd  
Dunedin

### Tax Advisors

Deloitte  
Dunedin

### Auditor

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

**Statement of service performance  
 For the six months ending 31 December 2020**

<b>Performance targets</b>	<b>Results as at 31 December 2020</b>
Hibernation Plan in place and report against it to the Board.	Reporting against the hibernation plan is presented at each Board meeting.
Reduce harm to employees and contractors.	There were zero lost time injuries during the reporting period.
Ensure Statement of Intent is consistent with objectives of the shareholder.	A draft 2021/2022 Statement of Intent has been submitted to the shareholder.
Contribute to Council's Carbon Neutrality initiatives.	In progress. A system to measure and report carbon emissions is expected to be complete by 30 June 2021.
Consult with the shareholder in a timely manner on DRL strategic or operational matters which could compromise Council's community outcomes.	Monthly reporting has kept the shareholder informed of strategic and operational developments.
Report to the shareholder within 24 hours of the Board becoming aware of any substantive matter, including any matter likely to generate media coverage.	There were no matters, which may have the potential to negatively impact on the shareholder and the company, that required to be reported to Dunedin City Holdings Limited.