

# **Taieri Gorge Railway Limited**

## **Interim Report**

**For the six months ended**

**31 December 2016**

# **Taieri Gorge Railway Limited**

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# **Taieri Gorge Railway Limited**

## **Directors' report**

The Directors of Taieri Gorge Railway Limited are pleased to present their report for the six months ended 31 December 2016.

### Result

The company returned a loss after tax of \$470K in the half year to 31 December 2016 compared with a loss after tax of \$320K in the half year to 31 December 2015.

### Review of operations

The principal activity of Taieri Gorge Railway Limited is to safely operate train services as a tourist, charter and community orientated enterprise utilising the Taieri Gorge railway line and the South Island lines of the New Zealand Railways Corporation national network.

The half year result was assisted by a slow but steady increase in tourist numbers using the daily train. However, growth in numbers off visiting cruise ships has been hindered by a later start to the cruise ship season and four cruise ship cancellations in the early season. Rail tour growth using the Dunedin Silver Fern railcar has continued providing increased sales. Overall financial returns to date are ahead of target and we expect a satisfactory year as a result.

The company passed the annual safety audit in November 2016 and closed off all outstanding conditions and recommendations imposed by the auditors. The company has a programme of safety management procedures with monthly staff Health and Safety meetings and 3 monthly Board Health and Safety subcommittee meetings.

### Seasonality

The profitability and cash flow of the company contains a strong seasonal element in accordance with the tourist season for the region which is at its strongest within the months of October until April. The impact of this pattern is that the company will typically report a deficit for the first half of the financial year and any surplus will be generated in the second half of the year.

### 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.

## Taieri Gorge Railway Limited

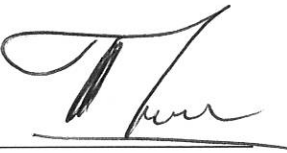
### Statement of responsibility

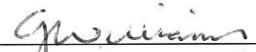
The Directors accept responsibility for the preparation of the interim financial statements and the judgements used in them:

The Directors accept responsibility for establishing and maintaining a system of internal control 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 2016 fairly reflect the financial position and operations of Taieri Gorge Railway Limited.

The Board of Directors of Taieri Gorge Railway Limited have pleasure in presenting the interim financial statements, set out on pages 3 to 9, for the six months ended 31 December 2016 and authorises them for issue on 15 February 2017.

  
\_\_\_\_\_  
Director  
15 / 2 / 2017

  
\_\_\_\_\_  
Director  
15/2/2017

## Taieri Gorge Railway Limited

### Statement of comprehensive income For the six months ending 31 December 2016

	unaudited 6 months to 31 Dec 2016 \$'000	unaudited 6 months to 31 Dec 2015 \$'000	audited full year to 30 Jun 2016 \$'000
Train ticket/charter, Travel Agency and Retail sales income	2,415	2,609	6,578
Interest received	-	-	-
<b>Total income</b>	<b>2,415</b>	<b>2,609</b>	<b>6,578</b>
Less expenses:			
Audit fees	-	1	20
Directors remuneration	51	50	99
Depreciation	157	154	309
Interest to Dunedin City Treasury Limited	23	34	45
Other operating expenses	2,837	2,814	5,914
<b>Total expenses</b>	<b>3,068</b>	<b>3,053</b>	<b>6,387</b>
<b>Net loss before tax</b>	<b>(653)</b>	<b>(444)</b>	<b>191</b>
Income tax (expense)/credit	183	124	(54)
<b>Total comprehensive income</b>	<b>(470)</b>	<b>(320)</b>	<b>137</b>

## Taieri Gorge Railway Limited

### Statement of changes in equity For the six months ending 31 December 2016

	Share capital \$'000	Retained earnings \$'000	Total equity \$'000
<b>unaudited</b>			
<b>Equity as at 1 July 2016</b>	1,572	451	2,023
Loss after income tax	-	(470)	(470)
Other comprehensive income for the period	-	-	-
<b>Equity as at 31 December 2016</b>	<u>1,572</u>	<u>(19)</u>	<u>1,553</u>
<b>unaudited</b>			
<b>Equity as at 1 July 2015</b>	1,572	314	1,886
Loss after income tax	-	(320)	(320)
Other comprehensive income for the period	-	-	-
<b>Equity as at 31 December 2015</b>	<u>1,572</u>	<u>(6)</u>	<u>1,566</u>
<b>audited</b>			
<b>Equity as at 1 July 2015</b>	1,572	314	1,886
Profit after income tax	-	137	137
Other comprehensive income for the period	-	-	-
Share capital contribution	-	-	-
<b>Equity as at 30 June 2016</b>	<u>1,572</u>	<u>451</u>	<u>2,023</u>

# Taieri Gorge Railway Limited

## Statement of financial position As at 31 December 2016

		unaudited 6 months to 31 Dec 2016 \$'000	unaudited 6 months to 31 Dec 2015 \$'000	audited full year to 30 Jun 2016 \$'000
	<i>Note</i>			
<b>Current assets</b>				
Cash and cash equivalents		351	239	112
Trade and other receivables		486	645	45
Inventories		263	237	176
Prepayments		8	13	-
Current Taxation Asset		157	126	64
Total current assets		1,265	1,260	397
<b>Non-current assets</b>				
Property, plant and equipment	4	3,136	3,176	3,255
Total non-current assets		3,136	3,176	3,255
<b>Total assets</b>		4,401	4,436	3,652
<b>Current liabilities</b>				
Trade and other payables		437	736	497
Provision for Employee Entitlements		307	346	320
Other current liabilities (provisions)		186	210	144
Total current liabilities		930	1,292	961
<b>Non-current liabilities</b>				
Term Borrowings	5	1,535	1,205	285
Deferred tax liability		58	48	58
OETT shareholder's advance		325	325	325
Total non-current liabilities		1,918	1,578	668
<b>Total liabilities</b>		2,848	2,870	1,629
<b>Equity</b>				
Share capital		1,572	1,572	1,572
Retained (deficits)/earnings		(19)	(6)	451
<b>Total equity</b>		1,553	1,566	2,023
<b>Total liabilities and equity</b>		4,401	4,436	3,652

# Taieri Gorge Railway Limited

## Statement of cash flows For the six months ending 31 December 2016

		unaudited 6 months to 31 Dec 2016 \$'000	unaudited 6 months to 31 Dec 2015 \$'000	audited full year to 30 Jun 2016 \$'000
	Note			
<b>Cash flow from operating activities</b>				
<i>Cash was provided from</i>				
Receipts from customers		2,281	2,618	7,788
Interest received		-	-	-
		2,281	2,618	7,788
<i>Cash was disbursed to</i>				
Interest paid		23	34	45
Payments to suppliers		2,964	2,888	7,176
Income tax paid		-	-	70
Net GST paid		14	11	(14)
		3,001	2,933	7,277
Net cash flow from operating activities	3	(720)	(315)	511
<b>Cash flow from investing activities</b>				
<i>Cash was disbursed to</i>				
Purchase of property, plant and equipment		291	441	474
Net cash flow from investing activities		(291)	(441)	(474)
<b>Cash flow from financing activities</b>				
<i>Cash was provided from</i>				
Borrowings from DCTL		1,250	1,265	1,668
		1,250	1,265	1,668
<i>Cash was disbursed to</i>				
Repayment of borrowings to DCTL		-	277	1,600
		-	277	1,600
Net cash flow from financing activities		1,250	988	68
<b>Net increase/(decrease) in cash and cash equivalents</b>		239	232	105
Opening cash and cash equivalents		112	7	7
<b>Closing cash and cash equivalents</b>		351	239	112



# **Taieri Gorge Railway Limited**

## **Notes to the financial statements (unaudited) For the six months ending 31 December 2016**

### **1 Reporting entity**

The financial statements presented here are for the reporting entity Taieri Gorge Railway Limited.

Taieri Gorge Railway Limited (the Company) 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 72% owned by Dunedin City Holdings Limited which is wholly owned by the ultimate parent of the Group, Dunedin City Council. Otago Excursion Train Trust owns 28% of the Company.

The registered address of the Company is 50 The Octagon, Dunedin 9016.

The financial statements of Taieri Gorge Railway Limited are for the six months ended 31 December 2016 and comply with the Financial Reporting Act 1993.

The primary objective of Taieri Gorge Railway Limited is to profitably provide high quality tourist experiences developed from our core products of tourist and charter train services.

These financial statements are presented in New Zealand dollars because that is the currency of the primary economic environment in which the Company operates.

Taieri Gorge Railway Limited is a For-profit entity.

### **2 Basis of preparation**

The financial statements for the period ended 31 December 2016 are unaudited.

The financial statements have been prepared in accordance with and comply with PBE 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 2016.

The accounting policies applied are consistent with those published in the annual report for the year ended 30 June 2016.

The judgements, estimates and assumptions used to prepare these interim financial statements are consistent with those used at 30 June 2016.

## Taieri Gorge Railway Limited

### Notes to the financial statements (unaudited) For the six months ending 31 December 2016

#### 3 Reconciliation of operating surplus to net cash flows from operating activities

	6 months to 31 Dec 2016 \$'000	6 months to 31 Dec 2015 \$'000	12 months to 30 Jun 2016 \$'000
Net loss after tax	(470)	(320)	137
<i>Items not involving cash flows</i>			
Depreciation	157	154	309
Other	-	-	14
<i>Impact of changes in working capital items</i>			
(Increase)/Decrease in receivables	(435)	(591)	30
Increase/(Decrease) in GST payable	94	(22)	5
Increase/(Decrease) in trade and other payables	(66)	464	16
Net cash inflows from operating activities	(720)	(315)	511

#### 4 Property, plant and equipment

	6 months to 31 Dec 2016 \$'000	6 months to 31 Dec 2015 \$'000	12 months to 30 Jun 2016 \$'000
Additions	204	262	351
Disposals	-	-	-
Capital commitments	175	89	-

There have been no material changes in fair value for all property, plant and equipment asset classes between 30 June 2016 and 31 December 2016.

#### 5 Term borrowings

	as at 31 Dec 2016 \$'000	as at 31 Dec 2015 \$'000	as at 30 Jun 2016 \$'000
Dunedin City Treasury Limited			
Loan balance	1,535	1,205	285

## **Taieri Gorge Railway Limited**

### **Notes to the financial statements (unaudited) For the six months ending 31 December 2016**

#### **6 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.

#### **7 Contingent liabilities**

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

#### **8 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.

# **Taieri Gorge Railway Limited**

## **Directory**

### Directors

Geoff R Thomas (Chair)  
Gary M T Williams (Deputy Chair)  
John F J McCall (retired December 2016)  
Hon. Stan Rodger  
Richard Roberts (appointed December 2016)  
Graeme M Smart  
David W Wood

### Registered Office

50 The Octagon  
Dunedin 9016

### Bankers

BNZ  
Dunedin

### Solicitors

Anderson Lloyd  
Dunedin

### Tax Advisors

Deloitte  
Dunedin

### Auditor

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