

DUNEDIN RAILWAYS



WORLD CLASS TRAIN TRIPS

Interim Report

For the six months ended

31 December 2018

DUNEDIN RAILWAYS

WORLD CLASS TRAIN TRIPS

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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 2018.

Result

The company returned a loss after tax of \$444,000 in the half year to 31 December 2018 compared with a loss after tax of \$634,000 in the half year to 31 December 2017.

Review of operations

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

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 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.

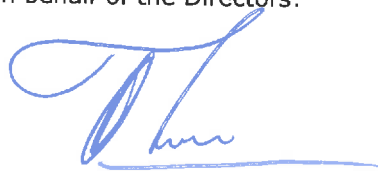
Statement of responsibility

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 2018 fairly reflect the financial position and operations of Dunedin Railways Limited.

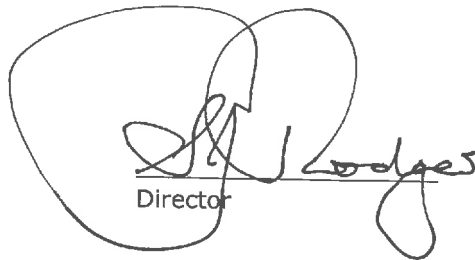
On behalf of the Directors:



Director

Date

1/2/2019



Director

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Statement of comprehensive income For the six months ending 31 December 2018

	unaudited 6 months to 31 Dec 2018 \$'000	unaudited 6 months to 31 Dec 2017 \$'000	audited full year to 30 Jun 2018 \$'000
Train ticket/charter, travel agency and retail sales income	3,693	2,890	7,547
Interest received	-	-	-
Total income	3,693	2,890	7,547
Less expenses:			
Audit fees	-	-	20
Directors remuneration	54	53	108
Depreciation	194	161	374
Interest to Dunedin City Treasury Limited	44	26	42
Other operating expenses	4,018	3,531	7,357
Total expenses	4,310	3,771	7,901
Loss before tax and subvention	(617)	(881)	(354)
Subvention receipt	-	-	-
Net loss before tax	(617)	(881)	(354)
Income tax (expense)/credit	(173)	247	(94)
Net loss after tax	(444)	(634)	(260)
Other comprehensive income:			
Interest rate swap hedges gains (losses) during the year	-	-	-
Total other comprehensive income	-	-	-
Total comprehensive income	(444)	(634)	(260)

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Statement of changes in equity For the six months ending 31 December 2018

	Share capital \$'000	Retained earnings \$'000	Total equity \$'000
unaudited			
Equity as at 1 July 2018	1,572	363	1,935
Loss after income tax	-	(444)	(444)
Other comprehensive income for the period	-	-	-
Equity as at 31 December 2018	1,572	(81)	1,491
Equity as at 1 July 2017	1,572	623	2,195
Loss after income tax	-	(634)	(634)
Other comprehensive income for the period	-	-	-
Equity as at 31 December 2017	1,572	(11)	1,561
audited			
Equity as at 1 July 2017	1,572	623	2,195
Loss after income tax	-	(260)	(260)
Other comprehensive income for the period	-	-	-
Equity as at 30 June 2018	1,572	363	1,935

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Statement of financial position As at 31 December 2018

		unaudited 6 months to 31 Dec 2018 \$'000	unaudited 6 months to 31 Dec 2017 \$'000	audited full year to 30 Jun 2018 \$'000
	Note			
Current assets				
Cash and cash equivalents		245	341	19
Trade and other receivables		920	800	23
Inventories		383	429	298
Prepayments		24	13	-
Current taxation asset		173	275	66
Total current assets		1,745	1,858	406
Non-current assets				
Property, plant and equipment	4	4,478	3,456	3,939
Total non - current assets		4,478	3,456	3,939
Total assets		6,223	5,314	4,345
Current liabilities				
Trade and other payables		800	933	698
Provision for employee entitlements		442	294	301
Other current liabilities (provisions)		30	99	106
Total current liabilities		1,272	1,326	1,105
Non-current liabilities				
Term borrowings	5	3,155	2,030	1,000
Deferred tax liability		(21)	72	(21)
OETT shareholder's advance		326	325	326
Total non-current liabilities		3,460	2,427	1,305
Total liabilities		4,732	3,753	2,410
Equity				
Share capital		1,572	1,572	1,572
Retained earnings (deficits)		(81)	(11)	363
Total equity		1,491	1,561	1,935
Total liabilities and equity		6,223	5,314	4,345

The accompanying notes form part of these financial statements

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Statement of cash flows For the six months ending 31 December 2018

		unaudited 6 months to 31 Dec 2018 \$'000	unaudited 6 months to 31 Dec 2017 \$'000	audited full year to 30 Jun 2018 \$'000
Cash flow from operating activities	<i>Note</i>			
<i>Cash was provided from</i>				
Receipts from customers		2,957	2,565	7,480
		<u>2,957</u>	<u>2,565</u>	<u>7,480</u>
<i>Cash was disbursed to</i>				
Interest paid		39	26	42
Payments to suppliers & employees		3,885	3,639	7,378
Income tax paid		-	-	7
Net GST paid		(63)	107	24
		<u>3,861</u>	<u>3,772</u>	<u>7,451</u>
Net cash flow from operating activities	3	<u>(904)</u>	<u>(1,207)</u>	<u>29</u>
Cash flow from investing activities				
<i>Cash was disbursed to</i>				
Purchase of property, plant and equipment		1,025	308	836
Net cash flow from investing activities		<u>(1,025)</u>	<u>(308)</u>	<u>(836)</u>
Cash flow from financing activities				
<i>Cash was provided from</i>				
Borrowings from DCTL		2,620	1,695	3,085
		<u>2,620</u>	<u>1,695</u>	<u>3,085</u>
<i>Cash was disbursed to</i>				
Repayment of borrowings to DCTL		465	-	2,420
		<u>465</u>	<u>-</u>	<u>2,420</u>
Net cash flow from financing activities		<u>2,155</u>	<u>1,695</u>	<u>665</u>
Net increase/(decrease) in cash and cash equivalents		226	180	(142)
Opening cash and cash equivalents		19	161	161
Closing cash and cash equivalents		<u>245</u>	<u>341</u>	<u>19</u>



Notes to the financial statements (unaudited) For the six months ending 31 December 2018

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:

72% owned by Dunedin City Holdings who are wholly owned by Dunedin City Council.

28% owned by Otago Excursion Train Trust.

The financial statements of Dunedin Railways Limited are for the six months ended 31 December 2018 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 2018 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 2018.

The accounting policies applied are consistent with those published in the annual report for the year ended 30 June 2018.

The judgements, estimates and assumptions used to prepare these interim financial statements are consistent with those used at 30 June 2018.

Notes to the financial statements (unaudited) For the six months ending 31 December 2018

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

	6 months to 31 Dec 2018 \$'000	6 months to 31 Dec 2017 \$'000	12 months to 30 Jun 2018 \$'000
Net loss after tax	(444)	(634)	(260)
<i>Items not involving cash flows</i>			
Depreciation	194	161	374
Other		(258)	
<i>Impact of changes in working capital items</i>			
(Increase)/Decrease in receivables	(901)	(638)	136
Increase/(Decrease) in GST payable	(173)	(191)	(63)
Increase/(Decrease) in trade and other payables	420	353	(158)
Net cash inflows from operating activities	(904)	(1,207)	29

4 Property, plant and equipment

	6 months to 31 Dec 2018 \$'000	6 months to 31 Dec 2017 \$'000	12 months to 30 Jun 2018 \$'000
Additions	733	308	1,120
Disposals	-	-	117
Capital commitments	-	-	73

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

5 Term borrowings

	as at 31 Dec 2018 \$'000	as at 31 Dec 2017 \$'000	as at 30 Jun 2018 \$'000
Dunedin City Treasury Limited			
Loan balance	3,155	2,030	1,000

**Notes to the financial statements (unaudited)
For the six months ending 31 December 2018**

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.

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WORLD CLASS TRAIN TRIPS

Directory

Directors

Geoff Thomas (Chair)
Hon. Stan Rodger (Deputy Chair)
Judy Bevin
Richard Roberts
Graeme Smart
David Wood

Registered Office

50 The Octagon
Dunedin 9016

Bankers

BNZ & Westpac
Dunedin

Solicitors

Anderson Lloyd
Dunedin

Tax Advisors

Deloitte
Dunedin

Auditor

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