
Dunedin Stadium Property Limited

Annual Report
2024

Dunedin Stadium Property Limited

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Dunedin Stadium Property Limited

Directors' report For the year ended 30 June 2024

This report presents Dunedin Stadium Property Limited's (the Company's) activities and results for the year ended 30 June 2024.

Principal activities of the company

The principal activity of the Company is the ownership of Forsyth Barr Stadium. In particular the Company oversees that the stadium is maintained to a standard that enables it to operate effectively.

Review of operations

During the year the stadium operated effectively, hosting a number of events operated by Dunedin Venues Management Ltd (DVML).

During the year the Asset Management Plan was reviewed. It includes an appropriate budget for assets to be maintained at an operational level over the next ten years. In some cases, the timing of the maintenance spend may be altered or the budget increased over that in the Asset Management Plan, due to increased costs or so as to provide for a longer life.

Results for the year ended 30 June 2024

The Company recorded a net deficit before subventions and income tax of \$7,578,000 for the year. This deficit is \$158,000 larger than the previous year, resulting from an increase in borrowing costs.

This year a \$1,244,366 subvention payment was received from companies within the Dunedin City Holdings Limited Group in relation to the 2023 financial year. Subvention payments are dependent on the ongoing profitability of the underlying group of companies owned by Dunedin City Holdings Limited. The Company has tax losses of \$24,148,831 to carry forward for the current year, which the Company intends to transfer to the Dunedin City Holdings Limited Group in future years by means of subvention payments and tax loss offsets.

The Company continues to work with Dunedin City Holdings Limited and its subsidiary companies on maintaining the cash funding model that has been established for Dunedin Stadium Property Limited through subvention receipts and capital injections.

State of affairs

The Directors consider that the state of affairs of the Company is as anticipated.

Outlook

The Stadium Review in 2015 established the future funding model of the Company through to the year ending 30 June 2025, ensuring the Company is able to maintain its operational, capital, and debt financing requirements.

Dunedin City Council (the DCC) confirmed its intention to undertake a review of the Company and Dunedin Venues Management Limited (DVML). The aim of the review is to establish a future operating and financial model for the stadium and related venues that is fit for purpose, financially and economically sustainable, and delivers the desired community outcomes.

Dunedin Stadium Property Limited

Directors' report For the year ended 30 June 2024

Changes in accounting policies

There have been no changes in accounting policies.

Borrowings

During the year, all interest payments have been met. Dunedin City Holdings Limited injected capital of \$2,250,000 during the year and a portion of this has been used to settle debt.

Auditors

The Controller and Auditor-General has contracted the audit to Audit New Zealand. The total remuneration payable by the Company to the auditor for the year was \$37,238 (2023: \$32,749).

Directors' interests in contracts

No material contracts involving Directors' interests were entered into during the year ended 30 June 2024 or existed at the end of this twelve month period.

Directors' insurance

As allowed by the Company's Constitution, Dunedin Stadium Property Limited has arranged policies of Directors' Liability Insurance which, together with a deed of indemnity, ensure that the Directors will incur no monetary loss as a result of actions undertaken by them as Directors, provided that they operate within the law.

Directors' remuneration

<i>Director</i>	<i>Position</i>	<i>Remuneration</i>
W Cockerill	Chair	\$ 22,343
T Loan	Non- executive director	Nil
S Johnstone	Non- executive director	Nil
R Thomson	Non- executive director	Nil
C Milne	Non- executive director	Nil
G Anderson	Non- executive director	Nil

Directors' benefits

No Director of Dunedin Stadium Property Limited has, since the end of the previous financial year, received or become entitled to receive a benefit other than a benefit included in the total remuneration received or due and receivable by the Directors as shown in the financial statements.

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

Financial statements

The audited financial statements for the year ended 30 June 2024 are attached to this report.

Dunedin Stadium Property Limited

Greenhouse gas emissions summary For the year ended 30 June 2024

The Dunedin City Holdings Limited Group continues to annually assess and measure its Greenhouse Gas (GHG) emissions.

This process is completed 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.

Results

All emissions associated with the Company's asset – Forsyth Barr Stadium – are measured and reported by Dunedin Venues Management Limited, as the entity that makes decisions regarding the operation of the asset.

There is a small amount of administrative servicing conducted for Dunedin Stadium Property Limited by the Dunedin City Holdings Limited management team; emissions associated with that work are captured within Dunedin City Holdings Limited's emissions measurement, which is reported in that entity's Annual Report.

Dunedin Stadium Property Limited therefore has zero emissions to report directly.

Dunedin Stadium Property Ltd does, however, have a role to play in reducing emissions and waste associated with Forsyth Barr Stadium, as the owner of the asset. The company developed an emissions and waste reduction strategy in 2022 and has continued to implement the actions from this strategy in 2024. This includes working with DVML staff to continue to identify potential emission reduction opportunities at the Stadium, and requiring all capital expenditure proposals to include consideration of sustainability impacts. During the year the Stadium upgraded its lighting, replacing metal-halide lamps with LED sport lights, which have an improved sustainability rating.

Zero carbon

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

Dunedin City Wide Zero Carbon targets

In 2019, the 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.

Dunedin Stadium Property Limited

Target 2:

- Reduce biogenic methane emissions:

Biogenic methane is methane produced and released from living organisms like plants and animals.

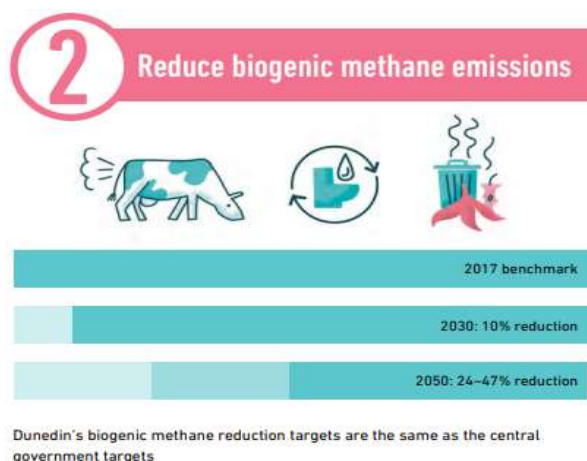
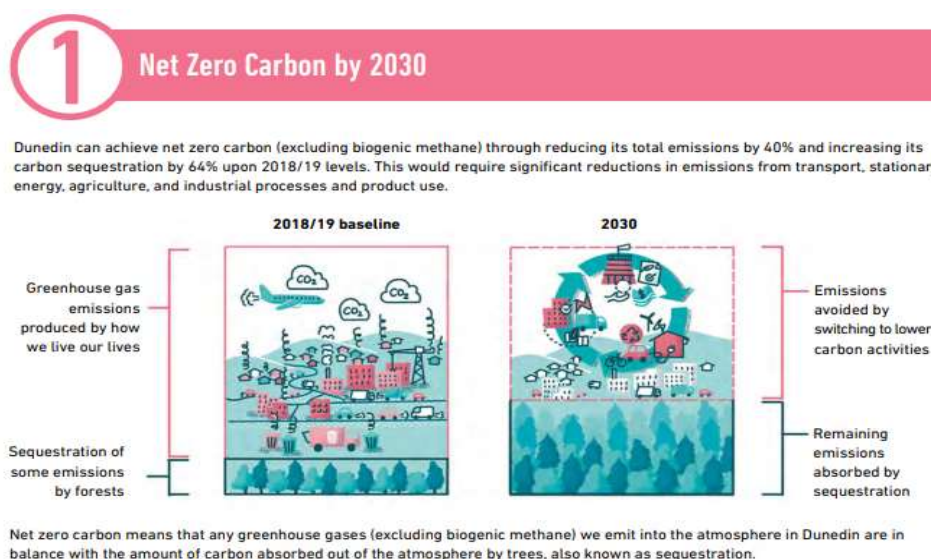
- 10% reduction from 2017 levels by 2030.
- 24-47% reduction from 2017 levels by 2050.

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.



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.

Dunedin Stadium Property Limited

Directors' declarations of interest For the year ended 30 June 2024

Director

Declarations of Interests

William H Cockerill
7 June 2016 - present

Chair, Dunedin Stadium Property Limited
Director, Robotic Technologies Limited
Director and Shareholder, Octa Associates Limited
Director and Shareholder, Octa Group Limited

Keith T Cooper
1 July 2018 - 29 February 2024

(Interests listed as at 29.02.2024)

Director & Chair, Dunedin City Holdings Limited
Director & Chair, Dunedin City Treasury Limited
Director & Chair, Dunedin Railways Limited
Director, Dunedin Stadium Property Limited
Chair, Upper Clutha A&P Society
Owner/Director, Littlebrook Farm Limited

Greg Anderson
1 July 2023 - present

Director, Dunedin City Holdings Limited
Director, Dunedin City Treasury Limited
Director, Dunedin Stadium Property Limited
Director, Dunedin Railways Limited
Director, Holmes GP Products Limited (including related entities: Switchback GP Limited, Whoosh GP Limited, Whoosh Hold GP Limited)
Director and Shareholder, Northington Partners Limited (including subsidiary companies Northington Agricapital Limited, NPL Investments Limited and NPL No.1 Holdco Limited)
Director and Shareholder, Cultivate Ventures GP Limited (including related entity NPL No. 2 LP Limited)
Director and Shareholder, NZ Drinks Holdings Limited (including subsidiary NZ Drinks Limited)
Director and Shareholder, Hedgebook Limited
Director and Shareholder, Stirling Sports Limited
Director and 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)
Director and Shareholder, Agri Realty Limited
Director and Shareholder, Ra Tuatahi No. 1 Limited
Trustee, St Margaret's College Foundation

Richard J Thomson
1 July 2020 - 30 June 2024

Director, Dunedin City Holdings Limited
Director, Dunedin City Treasury Limited
Director, Dunedin Stadium Property Limited
Director, Dunedin Railways Limited
Director and Shareholder, Thomson & Cessford Ltd (T/A Acquisitions)
Deputy Chair, Hawksbury Community Living Trust (and subsidiary entities)
Trustee, Healthcare Otago Charitable Trust
Director, Central Otago Health Services Limited

Dunedin Stadium Property Limited

Directors' declarations of interest For the year ended 30 June 2024

Director

Declarations of Interests

Tim Loan

3 October 2022 - Present

Director, Dunedin City Holdings Limited
Director, Dunedin City Treasury Limited
Director, Dunedin Stadium Property Limited
Director, Dunedin Railways Limited
Director & Shareholder, Abbot Insurance Brokers Southern Ltd
Director, Finance Now Ltd (including subsidiary companies: TW Financial Services Operations Ltd, The Warehouse Financial Services Ltd and SBS Money Ltd)
Director and Shareholder, LWB Holdings Ltd
Director, Presbyterian Support Southland Holding Company Ltd
Director, Presbyterian Support Southland Retirement Villages Ltd
Chair, H&J Smith Holdings Ltd (including subsidiary companies: H&J Smith Ltd, H&J Smith Parking Building Ltd, Outdoor World Ltd, Outdoor Adventures Ltd (dormant), H&J's Hardware Ltd (dormant), Southern Department Stores Ltd (dormant), Shotover Hardware Ltd, Symphony Retailing Ltd, Cross Roads Properties Ltd, H&J.'s Electrical Ltd, H&J's Properties Ltd, H&J Smith Corporate Ltd, H&J Smith Finance Ltd)

Susie J Johnstone

1 March 2021 - present

Director, Dunedin City Holdings Limited
Director, Dunedin City Treasury Limited
Director, Dunedin Stadium Property Limited
Director, Dunedin Railways Limited
Director & Shareholder, Shand Thomson Chartered Accountants
Director & Shareholder Johnstone Afforestation
Trustee, Dunedin Diocese Trust Board
Trustee, Clutha Community Foundation
Trustee of various client trusts through Shand Thomson & Abacus Nominee Companies

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 and Shareholder, Murray & Company Limited
Chair, CSO Foundation Trust

Dunedin Stadium Property Limited

Statement of responsibility For the year ended 30 June 2024

The Board of Dunedin Stadium Property Limited accepts responsibility for the preparation of the annual financial statements and the judgements used in them;

The Board of Dunedin Stadium Property Limited accepts 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 Board of Dunedin Stadium Property Limited, the annual financial statements for the financial year ended 30 June 2024 fairly reflect the financial position and operations of Dunedin Stadium Property Limited.



Chair
26 September 2024



Director
26 September 2024

Dunedin Stadium Property Limited

Statement of comprehensive revenue and expense For the year ended 30 June 2024

	Note	2024 \$'000	2023 \$'000
Operating revenue	1	2,647	2,680
Financial revenue	2	4	8
Total revenue		2,651	2,688
Less expenses:			
Operating expenses	4	1,143	914
Interest expense	3	3,880	3,250
Depreciation	6	5,206	5,944
Total expenditure		10,229	10,108
Surplus / (deficit) before tax		(7,578)	(7,420)
Subvention receipt		1,244	981
Income tax expense / (benefit)	5	-	-
Net surplus / (deficit) after tax		(6,334)	(6,439)
Other comprehensive revenue and expense		-	-
Total comprehensive revenue and expense for the year		(6,334)	(6,439)

Statement of changes in equity For the year ended 30 June 2024

		2024 \$'000	2023 \$'000
Opening Equity		56,153	60,342
Share Capital Contributions	12	2,250	2,250
Total comprehensive revenue and expense for the year	12	(6,334)	(6,439)
Closing Equity		52,069	56,153

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

Dunedin Stadium Property Limited

Statement of financial position As at 30 June 2024

	Note	2024 \$'000	2023 \$'000
Current assets			
Cash and cash equivalents	9	20	34
Trade and other receivables	10	313	4
Total current assets		333	38
Non-current assets			
Property, plant and equipment	6	138,159	140,474
Total non-current assets		138,159	140,474
Total assets		138,492	140,512
Current liabilities			
Trade and other payables	11	356	279
Current portion of term borrowings	7	767	710
Total current liabilities		1,123	989
Non-current liabilities			
Term borrowings	7	85,300	83,370
Total non-current liabilities		85,300	83,370
Equity			
Share capital	12	131,679	129,429
Cash flow hedge reserve	12	-	-
Accumulated comprehensive revenue and expense	12	(79,610)	(73,276)
Total equity		52,069	56,153
Total liabilities and equity		138,492	140,512

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

Dunedin Stadium Property Limited

Statement of cash flows For the Year Ended 30 June 2024

	Note	2024 \$'000	2023 \$'000
Cash flow from operating activities			
<i>Cash was provided from:</i>			
Receipts from customers		2,647	2,680
Subvention receipts		1,244	981
Interest received		7	4
Net GST received		26	-
		<u>3,924</u>	<u>3,665</u>
<i>Cash was disbursed to:</i>			
Interest paid		3,823	3,147
Net GST paid		-	5
Payments to suppliers		1,163	813
		<u>4,986</u>	<u>3,965</u>
Net cash inflow/(outflow) from operating activities	17	<u>(1,062)</u>	<u>(300)</u>
Cash flow from investing activities			
<i>Cash was disbursed to:</i>			
Net purchase of property, plant and equipment		3,132	603
		<u>3,132</u>	<u>603</u>
Net cash inflow/(outflow) from investing activities		<u>(3,132)</u>	<u>(603)</u>
Cash flow from financing activities			
<i>Cash was provided from:</i>			
Shareholder capital		2,250	2,250
Receipt from borrowings		7,738	1,450
		<u>9,988</u>	<u>3,700</u>
<i>Cash was disbursed to:</i>			
Repayment of borrowings		5,808	2,810
		<u>5,808</u>	<u>2,810</u>
Net cash inflow/(outflow) from financing activities		<u>4,180</u>	<u>890</u>
Net increase/(decrease) in cash		(14)	(13)
Opening cash and cash equivalents		34	47
Closing cash and cash equivalents	9	<u>20</u>	<u>34</u>

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

Dunedin Stadium Property Limited

Notes to the Financial Statements For the Year Ended 30 June 2024

Reporting entity

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

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

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

The primary objective of Dunedin Stadium Property Limited is to own and maintain the Forsyth Barr Stadium and receive a rental from the tenant.

The financial statements of the Company are for the year ended 30 June 2024.

Dunedin Stadium Property Limited is a Public Benefit Entity.

Statement of compliance

Under the accounting standards framework, the Company is deemed a Tier 2 PBE (RDR) on the basis that it is not considered publicly accountable or large (expenditure is less than \$33m per annum).

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

Basis of preparation

The Financial statements have been prepared in accordance with the requirements of the LGA 2002, which includes the requirements to comply with NZ GAAP.

The financial statements have been prepared on an historical cost basis, except for the revaluation of derivative financial instruments.

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2024 and the comparative information for the year ended 30 June 2023.

Certain prior period cash flows have been reclassified between functional categories for consistency with the current period.

Goods and Services Tax (GST)

Revenues, expenses, assets and liabilities are recognised net of the amount of Goods and Services Tax (GST), except for trade receivables and trade payables which are recognised inclusive of GST.

Notes to the Financial Statements For the Year Ended 30 June 2024

Critical accounting estimates and assumptions

In preparing these financial statements, estimates and assumptions have been made concerning the future. These estimates and assumptions may differ from the subsequent actual result. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. No estimates or assumptions made are considered to have a material risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

At each balance date, the useful lives and residual values of property, plant and equipment are reviewed. Assessing the appropriateness of useful life and residual value estimates requires a number of factors to be considered such as the physical condition of the asset, expected period of use of the asset, and expected disposal proceeds from the future sale of the asset.

Critical judgements in applying accounting policies

There have been no critical judgements in applying accounting policies for the year ended 30 June 2024.

Changes in accounting policies

There have been no changes in accounting policies.

Dunedin Stadium Property Limited

Notes to the Financial Statements For the Year Ended 30 June 2024

1. Operating Revenue

Accounting policy

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 GST.

Revenue from services rendered is recognised when it is probable that the economic benefits associated with the transaction will flow to the entity. The stage of completion at balance date is assessed based on the value of services performed to date as a percentage of the total services to be performed.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Subvention receipts are received in two forms by the Company, annual contracted subvention amounts paid by companies within the consolidated tax group and subvention receipts to the value of the losses available to be utilised by companies within the consolidated tax group. Annual subvention receipts are recognised when due and payable. Subvention receipt for loss utilisation is recognised upon completion of the consolidated tax return.

	2024 \$'000	2023 \$'000
Rentals and reimbursements from Dunedin Venues Management Ltd	2,647	2,545
Funding from New Zealand Football Incorporated	-	135
	<u>2,647</u>	<u>2,680</u>

2. Financial Revenue

Accounting policy

Interest income is accrued, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

	2024 \$'000	2023 \$'000
Interest received from funds on deposit	4	8

The rate of interest earned on deposits is 5.50% (2023: 4.04% p.a.)

3. Interest Expense

Accounting policy

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the statement of comprehensive revenue and expense in the period in which they are incurred.

	2024 \$'000	2023 \$'000
Interest to Dunedin City Treasury Ltd	3,880	3,250

Dunedin Stadium Property Limited

Notes to the Financial Statements For the Year Ended 30 June 2024

4. Operating Expenses

	2024 \$'000	2023 \$'000
Audit fees - for audit of financial statements	37	33
Directors remuneration	22	22
Other expenses	1,084	859
Total operating expenses	1,143	914

5. 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 profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive revenue and expense 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 by the balance date.

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 profit, 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 profits 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 profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the statement of financial performance, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

	2024 \$'000	2023 \$'000
Surplus / (deficit) for the year before income tax	(7,578)	(7,420)
Income tax credit at 28%	(2,122)	(2,078)
<i>Tax effect of following adjustments</i>		
Non-deductible building depreciation	213	189
Deferred tax on losses not recognised	1,909	1,889
Tax losses to be utilised	-	-
Adjustment to previous years taxation provision	-	-
Income tax expense / (benefit)	-	-

Dunedin Stadium Property Limited

Notes to the Financial Statements For the Year Ended 30 June 2024

The Company has not recognised a deferred tax asset in relation to tax losses of \$24,148,831 (2023: \$22,027,458) and temporary differences of nil (2023: nil).

The Company intends to transfer the tax losses to the DCC Group in future years by means of subvention payments and tax loss offsets.

6. Property, Plant and Equipment

Accounting policy

Property, plant and equipment are those assets held by the Company for the purpose of carrying on its business activities on an ongoing basis.

The Company's entire property, plant and equipment (known as Forsyth Barr Stadium) is subject to an operating lease with Dunedin Venues Management Limited.

All property, plant and equipment is stated at cost less any subsequent accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost of assets on the straight-line basis. Rates used have been calculated to allocate the assets cost less estimated residual value over their estimated remaining useful lives. Depreciation commences when the assets are ready for their intended use.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation rates and methods used are as follows:

	<i>Rate</i>	<i>Method</i>
Buildings	2%	Straight line
Fit out	2% to 30%	Straight line
Pitch construction	7.5%	Straight line
External site works	2% to 20%	Straight line
Furniture, fittings & equipment	4% to 67%	Straight line

Impairment of assets

At each balance date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. Value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is immediately recognised as an expense.

Dunedin Stadium Property Limited

Notes to the Financial Statements For the Year Ended 30 June 2024

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is immediately recognised as revenue.

2024	Land	Buildings	Fit out	Pitch construction	External site works	Fixtures fittings & equipment	Work in Progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost								
Balance at beginning of year	28,526	126,465	46,865	2,223	7,101	11,753	13	222,944
Additions	-	-	2,676	-	-	-	227	2,903
Disposals	-	-	(2,349)	-	-	(134)	(13)	(2,496)
Balance at end of year	28,526	126,465	47,192	2,223	7,101	11,619	227	223,352
Accumulated depreciation								
Balance at beginning of year	-	30,140	37,697	2,122	2,562	9,949	-	82,470
Depreciation	-	2,530	2,011	61	206	398	-	5,206
Disposals	-	-	(2,349)	-	-	(134)	-	(2,483)
	-	32,670	37,359	2,183	2,768	10,213	-	85,193
Net book value at end of year	28,526	93,795	9,833	40	4,333	1,406	227	138,159

2023	Land	Buildings	Fit out	Pitch construction	External site works	Fixtures fittings & equipment	Work in Progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost								
Balance at beginning of year	28,526	126,465	47,007	2,415	7,171	12,071	-	223,655
Additions	-	-	-	-	-	688	13	700
Disposals	-	-	(142)	(192)	(70)	(1,006)	-	(1,411)
Balance at end of year	28,526	126,465	46,865	2,223	7,101	11,753	13	222,944
Accumulated depreciation								
Balance at beginning of year	-	27,611	35,359	2,253	2,424	10,290	-	77,937
Depreciation	-	2,529	2,480	61	208	665	-	5,944
Disposals	-	-	(142)	(192)	(70)	(1,006)	-	(1,411)
	-	30,140	37,697	2,122	2,562	9,949	-	82,470
Net book value at end of year	28,526	96,325	9,168	101	4,539	1,804	13	140,474

Dunedin Stadium Property Limited

Notes to the Financial Statements For the Year Ended 30 June 2024

7. Term Borrowings

Accounting policy

Term borrowings are recorded gross of directly attributable transaction costs and measured at amortised cost. The total facility amount available to the Company is \$90.00 million. Finance charges are accounted for on an accrual basis to the statement of financial performance using the effective interest method and are included in the current portion of the term borrowings.

	2024 \$'000	2023 \$'000
Loan Balance owing to Dunedin City Treasury Limited	86,067	84,080
The repayment period on the borrowings is as follows:		
Less than one year (current portion)	767	710
Greater than one year (non-current portion)	85,300	83,370
	<u>86,067</u>	<u>84,080</u>

A debt repayment programme is in place and reviewed annually. Term borrowings are planned to be reduced each year with any surplus funds available after expenses.

The Company continues to work with Dunedin City Holdings Limited and its subsidiary companies on maintaining the cash funding model that has been in place through subvention receipts and equity funding contributions of \$2.25 million per year.

The weighted average interest rate for the loan facility at year end was 4.6% (2023: 3.87%).

All borrowings are provided under a facility agreement with Dunedin City Treasury Limited (DCTL), a related party of the Company. DCTL provides corporate treasury services to Dunedin City Council (DCC), Dunedin City Holdings Limited (DCHL) and its subsidiaries. DCTL sources external debt and on-lends to DCC and the council-controlled organisations based on an average cost of borrowings. The borrowings are not required to be repaid provided the borrower is not in default and continues to meet the terms of the borrowing. The borrower may repay principal balances at any time.

DCTL typically reviews and sets a fixed interest rate at the beginning of each financial year but, contractually, interest rates may be reset every quarter. The fixed interest rate reflects the internal borrowing rate index of DCTL for the interest period. At the end of the financial year, or sooner if necessary, a retrospective interest rate adjustment is calculated to ensure that the effective rate charged to borrowers for the period reflects the actual costs of DCTL.

The Company has assessed that the fair value of borrowings on initial recognition is the face value. The interest rate set by DCTL is considered a market rate as it is based on an internal borrowing index for a fixed interest period. Debt is sourced by DCTL on ordinary commercial terms, arranged by major trading banks. DCTL also borrows from the Local Government Funding Agency (LGFA). DCTL has a credit rating equal to that of DCC and has assessed the same level of credit risk for all borrowers within the DCC group since they are ultimately owned by DCC and rely on their underlying support in a stress scenario. Accordingly, DCTL does not apply different credit spreads to different borrowers.

For the reasons noted above, the Company continues to deem it appropriate to measure its loan from DCTL at amortised cost.

Dunedin Stadium Property Limited

Notes to the Financial Statements For the Year Ended 30 June 2024

8. Financial Instruments

Accounting Policy

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

Financial assets and liabilities are classified according to the substance of the contractual arrangements entered into. All financial assets and financial liabilities are recognised at amortised cost.

Capital risk management

When managing capital, management's objective is to ensure the entity continues as a going concern. The Company is undercapitalised, however the Company has uncalled capital of \$113,321,089 and the Company's ability to make calls on this uncalled capital will enable the Company to manage the capital risk.

Categories of financial instruments

	2024 \$'000	2023 \$'000
Financial assets:		
Bank current account	20	34
Debtors and other receivables	312	-
Interest Receivable	1	4
Financial liabilities:		
Creditors and accrued expenses	309	258
Borrowings (current and non-current)	86,067	84,080

9. Cash and cash Equivalents

Accounting policy

Cash and cash equivalents comprise 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 are shown within borrowings in current liabilities in the statement of financial position.

	2024 \$'000	2023 \$'000
Bank current account	20	34
	<u>20</u>	<u>34</u>

Cash and short-term deposits comprise cash held by the Company and short-term deposits. The carrying amount of these assets approximates their fair value.

Dunedin Stadium Property Limited

Notes to the Financial Statements For the Year Ended 30 June 2024

10. Trade and Other Receivables

Accounting policy

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

	2024 \$'000	2023 \$'000
Interest receivable	1	4
Debtors and other receivables	312	-
	<u>313</u>	<u>4</u>
Total receivables comprise:		
Receivables from non-exchange transactions	-	-
Receivables from exchange transactions	313	4

11. Trade and Other Payables

Accounting policy

Trade and other payables are stated at cost.

	2024 \$'000	2023 \$'000
Trade creditors and accrued expenses	309	258
GST Payable	47	21
	<u>356</u>	<u>279</u>

12. Equity

	2024 \$'000	2023 \$'000
Share capital		
Shares on issue \$1 per share	245,000	245,000
Called and fully paid capital:		
Opening balance	129,429	127,179
Call on capital during the year	2,250	2,250
Balance at the end of the year	<u>131,679</u>	<u>129,429</u>
Uncalled capital	<u>113,321</u>	<u>115,571</u>

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

Accumulated comprehensive revenue and expense

Opening Balance	(73,276)	(66,837)
Net surplus / (deficit) for the year after taxation	(6,334)	(6,439)
Balance at the end of the year	<u>(79,610)</u>	<u>(73,276)</u>

Dunedin Stadium Property Limited

Notes to the Financial Statements For the Year Ended 30 June 2024

13. Capital Expenditure and Operating Lease Commitments

Capital commitments

The Company has confirmed an order from Victor Foiltec for the supply and installation of 3 ETFE air compressors. A deposit of \$103,875 has been paid with 2 further instalments totalling \$207,750 to be paid within the 2025 financial year. Additionally, the Company has paid Adhesion Sealing (2007) Limited \$84,798 to date for work completed on the stadium's concrete sealant. Work will recommence on this project as and when events and contractor availability allow. (2023: Nil)

Operating lease commitments as lessee

The Company had no operating lease commitments as lessee at year end (2023: \$nil).

Operating lease commitments as lessor

The Company has entered into a rental agreement with Dunedin Venues Management Limited to rent the stadium assets for a term of 20 years from 1 August 2011. A variation of lease came into effect on 1 July 2024 with the rental being \$1,000,000 per annum (2023: \$2,000,000).

	2024 \$'000	2023 \$'000
Rent receivable within one year	1,000	2,000
Rent receivable between one to five years	4,000	8,000
Rent receivable later than five years	1,083	6,167
	<u>6,083</u>	<u>16,167</u>

14. Contingent Liabilities

There were no contingent liabilities at year end (2023: \$nil).

15. Related Party Transactions

Transactions with Dunedin City Council and its controlled entities:

The Company provided services and traded with Dunedin City Council and its controlled entities in respect of the following transactions:

	2024 \$'000	2023 \$'000
Dunedin City Council		
Rates paid	171	159
	<u>171</u>	<u>159</u>
Dunedin City Treasury Limited		
Interest paid	3,880	3,250
Interest received	4	8
	<u>3,884</u>	<u>3,258</u>
<i>As at balance date:</i>		
Payable to Dunedin City Treasury Ltd:		
Loan – refer Note 7	86,067	84,080
	<u>86,067</u>	<u>84,080</u>

The receipt from borrowings and repayment of borrowings is disclosed in the Statement of Cash Flows

Receivable from Dunedin City Treasury Ltd:

Interest receivable	1	4
	<u>1</u>	<u>4</u>

Dunedin Stadium Property Limited

Notes to the Financial Statements For the Year Ended 30 June 2024

Dunedin Venues Management Limited

Rent and costs received	2,647	2,545
Management fee paid	(70)	(70)
Reimbursements for asset management and maintenance	(613)	(917)
	<u>1,965</u>	<u>1,557</u>

As at balance date:

Payable to Dunedin Venues Management Limited:	268	216
Receivable from Dunedin Venues Management Limited:	(308)	-
	<u>(40)</u>	<u>216</u>

City Forests Limited

Subvention payment received	1,244	981
	<u>1,244</u>	<u>981</u>

During the year, losses were transferred to City Forest Limited by subvention payment of \$1,244k and loss offset of \$3,200k.

No related party debts have been written off or forgiven during the year and no provision has been required for impairment of any receivables to related parties.

Compensation of key management personnel

The remuneration of Directors during the year was \$22,343 (2023: \$22,257).

A management agreement is in place with the Dunedin City Holdings Limited to provide management/accounting services to the Company, for which Dunedin City Holdings Limited does not intend to charge the Company for these services. The necessary governance is provided by the Directors of the Company. Other than the Chair, the Directors of the Company are also the Directors of Dunedin City Holdings Limited and as such, are remunerated by Dunedin City Holdings Limited.

16. Going Concern

The financial statements have been prepared using the going concern assumption.

The Company has recorded a net deficit after taxation of \$6,334,000 and a net working capital deficit of (\$790,000) at 30 June 2024.

This year subvention payments of \$1,244,366 were received from companies within the Dunedin City Holdings Limited Group in relation to the 2023 financial year. The ability to make subvention payments is dependent on the ongoing profitability of the Dunedin City Consolidated Income Tax Group. The Company has tax losses of \$24,148,831 to carry forward as at 30 June 2024, which the Company intends to transfer to the Dunedin City Holdings Limited Group in future years by means of subvention payments and tax loss offsets.

The Company's position is mitigated by the uncalled capital of \$113,321,089 available to it. Under its Constitution, the uncalled capital can be drawn by the Company on demand as and when required.

Dunedin Stadium Property Limited

Notes to the Financial Statements For the Year Ended 30 June 2024

17. Reconciliation of Net Deficit for the Year to Cash Flows from Operating Activities	2024 \$'000	2023 \$'000
Net surplus / (deficit) for the year after taxation	(6,334)	(6,439)
<i>Items not involving cash flows</i>		
Depreciation	5,206	5,944
<i>Impact of changes in working capital items</i>		
(Increase) /decrease in rent receivable	-	-
(Increase) /Decrease in interest receivable	3	(4)
(Increase) /decrease in subvention payment receivable	-	-
(Increase) /decrease in income tax receivable	-	-
Increase / (decrease) in GST payable	26	(5)
Increase / (decrease) in trade and other payables	(20)	101
Increase / (decrease) in interest accrued	57	103
Net cash flow from operating activities	<u>(1,062)</u>	<u>(300)</u>

18. Events After Balance Date

On 26 September 2024, Dunedin Stadium Property Limited signed a lease variation agreement with effect from 1 July 2024 with Dunedin Venues Management Limited to reduce the annual rental income from \$2,000,000 to \$1,000,000 plus GST and will no longer on-charge rates or levies payable to any local or territory authority or insurance claims, premiums, and valuation fees.

Subsequent to year end, the Dunedin City Council (the DCC) confirmed its intention to undertake a review of the Company and Dunedin Venues Management Limited (DVML). The aim of the review is to establish a future operating and financial model for the stadium and related venues that is fit for purpose, financially and economically sustainable, and delivers the desired community outcomes. The review is yet to commence. Whilst there is a focus on CCO structure and composition, it is expected that the review will deliver a range of possible future scenarios. Any changes the DCC propose to implement as a result of this review, will be consulted on as part of its 2026/34 nine year plan consultation.

There have been no other significant events since balance date.

**Statement of service performance
For the Year Ended 30 June 2024**

Objectives	Performance targets	Achievements
1 Ensure an Asset Management Plan which enables general use of the stadium, and meets asset warranty and guarantee requirements, is in place.	An Asset Management Plan is in place.	An Asset Management Plan is in place.
2 Ensure the Asset Management Plan remains current and relevant.	The Asset Management Plan is internally reviewed annually, and externally reviewed every three years (next external review is due in the 2023 calendar year).	The Asset Management Plan has been internally and externally reviewed during the 2024 financial year.
3 Ensure assets are maintained in accordance with the Asset Management Plan.	Asset maintenance is compliant with the Asset Management Plan schedules and principles, including condition based assessments.	Planned capital and maintenance works completed during that year, carried from the AMP schedules. More detail is supplied below.
4 Ensure an appropriate debt repayment programme is in place.	A debt repayment program is in place and is reviewed by the board annually.	DSPL's current debt repayment plan is to direct any available funds, after expenses, to debt reduction. This was reviewed as part of consideration of the budget for FY2025 to FY2027 and results for the year. DSPL borrowings increased by \$1.93m in FY2024 and are forecast to continue to increase through the forecast period, noting higher interest rates and forecast capital expenditure.
5 Ensure Statement of Intent is consistent with objectives of the shareholder.	A draft 2024/2025 Statement of Intent will be submitted to the shareholder by 1 March 2024.	The draft 2024/2025 Statement of Intent was submitted to DCHL and DCC by 1 March 2024.
6 Contribute to Council's Carbon Neutrality initiatives.	Refine and continue to implement DSPL's carbon emissions strategy developed in 2022, and achieve and publicly report progress against our FY2024 targets	DSPL continues to implement its strategy. Carbon emission impacts are now considered as part of all capital expenditure proposals and opportunities to reduce carbon emissions have been identified. No formal targets were set for FY2024.
	Refine and continue to implement DSPL's waste reduction strategy developed in 2022, and achieve and publicly report progress against our FY2024 targets.	DSPL continues to implement its strategy. Waste impacts are now considered as part of all capital expenditure proposals. No formal targets were set for FY2024.
	Measure and publicly report our Greenhouse Gas (GHG) emissions, and progress towards our emissions and waste reduction strategies and targets, in our Annual Report.	DSPL does not report a GHG emissions footprint because all emissions associated with Forsyth Barr Stadium are measured and reported by sister company Dunedin Venues Management Ltd.
	Ensure that all direct employees are paid at living wage or above.	DSPL does not directly employ any staff.
7 Consult with the shareholder in a timely manner on DSPL strategic or operational matters which could compromise the Council's community outcomes.	No such matters that were not escalated to the shareholder in a timely manner.	There were no matters requiring escalation to the shareholder.

**Statement of service performance
For the Year Ended 30 June 2024**

8	Report to the shareholder within 24 hours of the Board becoming aware of any substantive matter, including any matter likely to generate media coverage.	No such matters that were not reported to the shareholder within 24 hours.	There were no matters of substance to report to the shareholder.
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Performance target 3 explained

The Asset Management Plan schedules anticipated 6x maintenance works with a combined budget of \$392,864, and 20x capital renewal works with a combined budget of \$4,590,091 in FY2024.

Of the 6x planned maintenance works scheduled for FY2024:

- 5x works with a combined budget of \$336,864 were deferred to a future year. 4x deferrals relate to work that will now be completed in FY2025, 1x was deferred as a result of a specialist contractor assessment.
- 1x works were delivered, totalling \$48,229 (compared with budget of \$56,000) was near completion at 30 June 2024.

DSPL spent a further \$208,734 on unscheduled maintenance at the stadium during the financial year, to respond to unanticipated repairs and maintenance needs.

Of the 20x capital renewal works scheduled for FY2024:

- 1x works with a budget of \$749,084 was commenced with a spend to date of \$84,598. The remaining work was unable to be completed due to access being denied while the new sports lights were being installed. This work will be recommencing in FY2025.
- 3x works were delivered, totalling \$62,221 (compared with budget of \$96,798). 1x works related to exit sign illuminations which was deferred from 2023 due to internal resource constraints.
- 6x works with a combined budget of \$755,152 were deferred to a future year. The majority of this (1x works) relates to Asphalt/Sealed Areas which has been deferred to FY2026.
- 3x works with a combined budget of \$84,820 have been deferred following a specialist contractor assessment.
- 1x works with a budget of \$278,000 was commenced with a spend to date of \$103,875. The works are awaiting delivery of the remaining components.
- 1x works with a budget of \$100,158 was commenced with a spend to date of \$16,000 for design fees. The remaining work has been deferred to FY2025.
- 2x works with a budget of \$24,083 was commences with a spend to date of \$22,767. The remaining works will be completed in FY2025.
- 2x works with a budget of \$6,990 were identified as not required.
- 1x works completed with a budget of \$2,495,000 and a project spend of \$2,595,334 was in relation to the replacement of the sports lights and crowd experience lighting.

We do not anticipate the deferrals made in FY2024 to significantly impact the operations or effectiveness of the stadium. Most works have been deferred in line with the externally reviewed asset maintenance plan and will be completed as required.

Financial forecasts	\$'000	Achievement	\$'000
EBITDA	2,522	EBITDA	1,508
Net surplus/(deficit) after tax	(6,715)	Net surplus/(deficit) after tax	(6,334)
Cash flow from operations	(1,651)	Cash flow from operations	(1,062)
Capital expenditure	4,590	Capital expenditure	3,132
Term loans	87,397	Term loans	85,300
Shareholder's funds to total assets	37%	Shareholder's funds to total assets	38%
Dividend distributions	Nil	Dividend distributions	Nil

The financial forecasts in the Statement of Intent were impacted by reduced subventions receipts. The Company continues to work with Dunedin City Holdings Limited and its subsidiary companies on maintaining the cash funding model that has been in place through subvention receipts. The operating deficit before tax and subventions for the year of \$7,578,000 is largely consistent with the budgeted operating deficit before tax and subventions of \$8,273,440.

Dunedin Stadium Property Limited

Directory **As at 30 June 2024**

Directors

William H Cockerill
Timothy D R Loan
Susie J Johnstone
Richard J Thomson
Chris Milne
Greg Anderson

Registered office

50 The Octagon
Dunedin 9016

Bankers

Westpac Banking Corporation

Solicitors

Anderson Lloyd

Taxation advisors

Deloitte

Auditor

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

Independent Auditor's Report

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

The Auditor-General is the auditor of Dunedin Stadium Property 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 statement of service performance of the company on his behalf.

Opinion

We have audited:

- the financial statements of the company on pages 9 to 23, 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; and
- the statement of service performance of the company on pages 24 to 25.

In our opinion:

- the financial statements of the company:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2024; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards Reduced Disclosure Regime; and
- the statement of service performance of the company 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 27 September 2024. This is the date at which our opinion is expressed.

The basis for our opinion is explained below and we draw attention to the fact that no forecast financial statements were presented for comparison with historic financial statements. 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, we comment on other information, and we explain our independence.

Other matter - Comparison of forecast financial statements with historical financial statements

Without modifying our opinion, we draw attention to the fact that the company did not include forecast financial statements in its 2024 statement of intent, as required by the Local Government Act 2002. As a result, no comparison of the forecast financial statements with the historical financial statements was presented in the annual report.

Basis for our opinion

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements and 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 these financial statements and the statement of service performance.

For the performance targets reported in the statement of service performance, our procedures were limited to checking that these agreed to the company's statement of intent.

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

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

- We identify and assess the risks of material misstatement of the financial statements and 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 accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We evaluate the appropriateness of the reported statement of service performance within the company's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the statement of service performance or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained

up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements and the statement of service performance, including the disclosures, and whether the financial statements and the statement of service performance represent the underlying transactions and 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.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 1 to 8 and page 26, but does not include the financial statements and the statement of service performance, and our auditor's report thereon.

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

In connection with our audit of the financial statements and the statement of service performance, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the statement of service performance or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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