
Dunedin Stadium Property Limited

Annual Report

2023

Dunedin Stadium Property Limited

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Dunedin Stadium Property Limited

Directors' report **For the year ended 30 June 2023**

This report presents Dunedin Stadium Property Limited's (the Company's) activities and results for the year ended 30 June 2023.

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 2023

The Company recorded a net deficit before subventions and income tax of \$7,420,000 for the year. This deficit is \$423,000 larger than the previous year, resulting from an increase in borrowing costs.

This year a \$981,000 subvention payment was received from companies within the Dunedin City Holdings Limited Group in relation to the 2022 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 a tax losses of \$22,027,458 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 Stadium Property Limited

Directors' report For the year ended 30 June 2023

Changes in accounting policies

Dunedin Stadium Property Limited adopted PBE IPSAS 41, effective for periods beginning after 1 January 2022.

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 \$32,749 (2022: \$17,086).

Directors' interests in contracts

No material contracts involving Directors' interests were entered into during the year ended 30 June 2023 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 H Cockerill	Chair	\$ 22,257
K T Cooper	Non- executive director	Nil
L M Robertson	Non- executive director	Nil
R J Thomson	Non- executive director	Nil
T D R Loan	Non- executive director	Nil
S J Johnstone	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 2023 are attached to this report.

Dunedin Stadium Property Limited

Greenhouse gas emissions summary For the year ended 30 June 2023

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 therefore developed an emissions and waste reduction strategy during the 2022 financial year, with two targets to be achieved during the 2023 financial year. Progress against these targets is set out below. The company will continue with this work in the 2024 financial year.

Targets

Add criteria of considering carbon emissions and waste impact to existing template for capital expenditure proposals. Consideration of these impacts to be required for all proposals from 1 July 2022

Report to be provided to DSPL board on potential emission reduction opportunities associated with DSPL assets

Progress

Achieved.
Carbon and waste impacts now considered as part of all capital expenditure proposals. Sustainability considerations have been included in all capital expenditure proposals over FY2023.

Achieved.
High level opportunities identified; consideration of those opportunities continues.

Dunedin Stadium Property Limited

Directors' declarations of interest For the year ended 30 June 2023

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 - present

Director & Chair, Dunedin City Holdings Limited
Director & Chair, Dunedin City Treasury Limited
Director & Chair, Dunedin Railways Limited
Director, Dunedin Stadium Property Limited
Director, Miller Creative Group Limited - Ceased 23 June 2023
Owner/Director, Littlebrook Farm Limited

Linda M Robertson
1 July 2018 - 16 October 2022

(Interests listed as at
16.10.2022)

Chair, Audit and Risk Committee, Central Otago District Council
Chair, Central Lakes Trust
Chair, Crown Irrigation Investments Limited
Director, Dunedin City Holdings Limited
Director, Dunedin City Treasury Limited
Director, Dunedin Stadium Property Limited
Director, Dunedin Railways Limited
Director, NZ Local Government Funding Agency
Director, Alpine Energy Limited
Director, Central Lakes Direct Limited
Director, NETcon Limited - Appointed 1 August 2022
Director and Shareholder, RML Consulting Limited
Member, Risk and Audit Committee, The Treasury
Member, Capital Markets Advisory Committee, The Treasury
Director, Kiwi Wealth companies comprising of: Kiwi Wealth
Management Ltd, Kiwi Wealth Investments General Partnership Ltd,
Kiwi Investment Management Ltd, Kiwi Wealth Ltd, Portfolio
Custodial Nominees Ltd
Member, Audit and Risk Committee, Office of the Auditor-General
and Audit New Zealand

Richard J Thomson
1 July 2020 - present

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)
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 2023

Director

Declarations of Interests

Tim Loan

3 October 2022 - Present

Director, Dunedin City Holdings Limited - Appointed 3 October 2022
Director, Dunedin City Treasury Limited - Appointed 3 October 2022
Director, Dunedin Stadium Property Limited - Appointed 3 October 2022
Director, Dunedin Railways Limited - Appointed 3 October 2022
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 & Shareholder, LWB Holdings Ltd
Trustee, Presbyterian Support Southland - Ceased 7 December 2022
Director, Presbyterian Support Southland Holding Company Ltd
Director, Presbyterian Support Southland Retirement Villages Ltd
Chair, Audit & Risk Committee, Southsure Assurance (T/A SBS Insurance)
Director, H&J Smith Holdings Ltd (including subsidiary companies: H&J Smith Ltd, H&J Smith Parking Building Ltd, Outdoor World Ltd, Outdoor Adventures Ltd (dormant), H&J's Hardware Ltd (dormant), Southern Department Stores Ltd (dormant), Shotover Hardware Ltd, Symphony Retailing Ltd, Cross Roads Properties Ltd, H&J's Electrical Ltd, H&J's Properties Ltd, H&J Smith Corporate Ltd, H&J Smith Finance Ltd)

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

Dunedin Stadium Property Limited

Statement of responsibility For the year ended 30 June 2023

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 2023 fairly reflect the financial position and operations of Dunedin Stadium Property Limited.



Chair
29 September 2023



Director
29 September 2023

Dunedin Stadium Property Limited

Statement of comprehensive revenue and expense For the year ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
Operating revenue	1	2,680	2,445
Financial revenue	2	8	-
Total revenue		2,688	2,445
Less expenses:			
Operating expenses	4	914	1,079
Interest expense	3	3,250	2,275
Depreciation	6	5,944	6,088
Total expenditure		10,108	9,442
Surplus / (deficit) before tax		(7,420)	(6,997)
Subvention receipt		981	-
Income tax expense / (benefit)	5	-	-
Net surplus / (deficit) after tax		(6,439)	(6,997)
Other comprehensive revenue and expense:			
Interest rate swap hedges gains (losses) during the year		-	-
Total comprehensive revenue and expense for the year		(6,439)	(6,997)

Statement of changes in equity For the year ended 30 June 2023

		2023 \$'000	2022 \$'000
Opening Equity		60,342	65,089
Share Capital Contributions	12	2,250	2,250
Total comprehensive revenue and expense for the year	12	(6,439)	(6,997)
Closing Equity		56,153	60,342

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 2023

	Note	2023 \$'000	2022 \$'000
Current assets			
Cash and cash equivalents	9	34	47
Trade and other receivables	10	4	-
Total current assets		38	47
Non-current assets			
Property, plant and equipment	6	140,474	145,718
Total non-current assets		140,474	145,718
Total assets		140,512	145,765
Current liabilities			
Trade and other payables	11	279	86
Current portion of term borrowings	7	710	607
Total current liabilities		989	693
Non-current liabilities			
Term borrowings	7	83,370	84,730
Total non-current liabilities		83,370	84,730
Equity			
Share capital	12	129,429	127,179
Cash flow hedge reserve	12	-	-
Accumulated comprehensive revenue and expense	12	(73,276)	(66,837)
Total equity		56,153	60,342
Total liabilities and equity		140,512	145,765

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 2023

	Note	2023 \$'000	2022 \$'000
Cash flow from operating activities			
<i>Cash was provided from:</i>			
Receipts from customers		2,680	2,445
Subvention receipts		981	-
Interest received		4	-
Net GST received		-	14
		3,665	2,459
<i>Cash was disbursed to:</i>			
Interest paid		3,147	2,030
Net GST paid		5	-
Payments to suppliers		813	1,041
Subvention receipts repaid		-	-
		3,965	3,071
Net cash inflow/(outflow) from operating activities	17	(300)	(612)
Cash flow from investing activities			
<i>Cash was disbursed to:</i>			
Net purchase of property, plant and equipment		603	-
Net cash inflow/(outflow) from investing activities		(603)	-
Cash flow from financing activities			
<i>Cash was provided from:</i>			
Shareholder capital		2,250	2,250
		2,250	2,250
<i>Cash was disbursed to:</i>			
Net repayment of borrowings/(borrowings made)		1,360	1,610
		1,360	1,610
Net cash inflow/(outflow) from financing activities		890	640
Net increase/(decrease) in cash		(13)	28
Opening cash and cash equivalents		47	19
Closing cash and cash equivalents	9	34	47

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 2023

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 2023.

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 \$30m per annum).

The financial statements were authorised for issue by the Directors on **29 September 2023**.

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 2023 and the comparative information for the year ended 30 June 2022.

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 2023

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 2023.

Changes in accounting policies

Dunedin Stadium Property Limited adopted PBE IPSAS 41, effective for periods beginning after 1 January 2022.

Dunedin Stadium Property Limited

Notes to the Financial Statements For the Year Ended 30 June 2023

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.

	2023 \$'000	2022 \$'000
Rentals and reimbursements from Dunedin Venues Management Ltd	2,545	2,445
Funding from New Zealand Football Incorporated	135	-
	<u>2,680</u>	<u>2,445</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.

	2023 \$'000	2022 \$'000
Interest received from funds on deposit	8	-

The rate of interest earned on deposits is 4.04% (2022: 0.81% 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.

	2023 \$'000	2022 \$'000
Interest to Dunedin City Treasury Ltd	3,250	2,275

Dunedin Stadium Property Limited

Notes to the Financial Statements For the Year Ended 30 June 2023

4. Operating Expenses

	2023 \$'000	2022 \$'000
Audit fees - for audit of financial statements	33	17
Directors remuneration	22	22
Other expenses	859	1,040
Total operating expenses	914	1,079

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.

	2023 \$'000	2022 \$'000
Surplus / (deficit) for the year before income tax	(7,420)	(6,997)
Income tax credit at 28%	(2,078)	(1,959)
<i>Tax effect of following adjustments</i>		
Non-deductible building depreciation	189	189
Deferred tax on losses not recognised	1,889	1,770
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 2023

The Company has not recognised a deferred tax asset in relation to tax losses of \$22,027,458 (2022: \$18,597,713) and temporary differences of nil (2022: 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 2023

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.

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

2022	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	47,015	2,415	7,171	12,077	-	223,669
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	(8)	-	-	(6)	-	(14)
Balance at end of year	28,526	126,465	47,007	2,415	7,171	12,071	-	223,655
Accumulated depreciation								
Balance at beginning of year	-	25,082	32,766	2,192	2,217	9,607	-	71,864
Depreciation	-	2,529	2,601	61	207	689	-	6,088
Disposals	-	-	(8)	-	-	(6)	-	(14)
	-	27,611	35,359	2,253	2,424	10,290	-	77,937
Net book value at end of year	28,526	98,854	11,648	162	4,747	1,781	-	145,718

Dunedin Stadium Property Limited

Notes to the Financial Statements For the Year Ended 30 June 2023

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 \$86.00 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.

	2023 \$'000	2022 \$'000
Loan Balance owing to Dunedin City Treasury Limited	84,080	85,337
The repayment period on the borrowings is as follows:		
Less than one year (current portion)	710	607
Greater than one year (non-current portion)	83,370	84,730
	<u>84,080</u>	<u>85,337</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 3.87% (2022: 2.66%).

Expenditure Reclassification

2022 balances has been reclassified to identify accrued interest as current term borrowings in line with 2023 classifications.

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 \$115,571,089 and the Company's ability to make calls on this uncalled capital will enable the Company to manage the capital risk.

Dunedin Stadium Property Limited

Notes to the Financial Statements For the Year Ended 30 June 2023

Categories of financial instruments

	2023 \$'000	2022 \$'000
Financial assets:		
Bank current account	34	47
Interest Receivable	4	
Subvention payment receivable	-	-
Income tax receivable	-	-
Financial liabilities:		
Creditors and accrued expenses	258	60
Borrowings (current and non-current)	84,080	85,337

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.

	2023 \$'000	2022 \$'000
Bank current account	34	47
	<u>34</u>	<u>47</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.

10. Trade and Other Receivables

Accounting policy

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

	2023 \$'000	2022 \$'000
Interest receivable	4	-
Subvention payment receivable	-	-
	<u>4</u>	<u>-</u>
Total receivables comprise:		
Receivables from non-exchange transactions	-	-
Receivables from exchange transactions	4	-

11. Trade and Other Payables

Accounting policy

Trade and other payables are stated at cost.

	2023 \$'000	2022 \$'000
Trade creditors and accrued expenses	258	60
GST Payable	21	26
	<u>279</u>	<u>86</u>

Dunedin Stadium Property Limited

Notes to the Financial Statements For the Year Ended 30 June 2023

12. Equity

	2023 \$'000	2022 \$'000
Share capital		
Shares on issue \$1 per share	245,000	245,000
Called and fully paid capital:		
Opening balance	127,179	124,929
Call on capital during the year	2,250	2,250
Balance at the end of the year	129,429	127,179
Uncalled capital	115,571	117,821

The Dunedin City Council transferred its shareholding to its wholly owned subsidiary Dunedin City Holdings Limited on 30 June 2016.

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	(66,837)	(59,840)
Net surplus / (deficit) for the year after taxation	(6,439)	(6,997)
Balance at the end of the year	(73,276)	(66,837)

13. Capital Expenditure and Operating Lease Commitments

Capital commitments

The Company had no capital expenditure commitments at year end (2022: \$nil).

Operating lease commitments as lessee

The Company had no operating lease commitments as lessee at year end (2022: 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.

	2023 \$'000	2022 \$'000
Rent receivable within one year	2,000	2,000
Rent receivable between one to five years	8,000	8,000
Rent receivable later than five years	6,167	8,167
	16,167	18,167

Dunedin Stadium Property Limited

Notes to the Financial Statements For the Year Ended 30 June 2023

14. Contingent Liabilities

There were no contingent liabilities at year end (2022: \$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:

	2023 \$'000	2022 \$'000
Dunedin City Council		
Rates paid	159	157
	<u>159</u>	<u>157</u>
Dunedin City Treasury Limited		
Interest paid	3,250	2,275
Interest received	8	-
	<u>3,258</u>	<u>2,275</u>
<i>As at balance date:</i>		
Payable to Dunedin City Treasury Ltd:		
Loan – refer Note 7	84,080	85,337
	<u>84,080</u>	<u>85,337</u>
Receivable from Dunedin City Treasury Ltd:		
Interest receivable	4	-
	<u>4</u>	<u>-</u>
Dunedin Venues Management Limited		
Rent and costs received	2,545	2,445
Management fee paid	(70)	(70)
Reimbursements for asset management and maintenance	(917)	(217)
	<u>1,557</u>	<u>2,158</u>
<i>As at balance date:</i>		
Payable to Dunedin Venues Management Limited:	216	41
Subvention payment receivable/(payable)	-	-
	<u>216</u>	<u>41</u>
City Forests Limited		
Subvention payment received	981	-
	<u>981</u>	<u>-</u>

During the year, losses were transferred to City Forest Limited by subvention payment of 981k and loss offset of 2,522k.

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.

Dunedin Stadium Property Limited

Notes to the Financial Statements For the Year Ended 30 June 2023

Compensation of key management personnel

The remuneration of Directors during the year was \$22,257 (2022: \$22,000).

A management agreement is in place with the Dunedin City Council to provide management resources to the Company. 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 \$6,439,000 and a net working capital deficit of (\$951,000) at 30 June 2023.

This year subvention payments of \$980,269 were received from companies within the Dunedin City Holdings Limited Group in relation to the 2022 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 a tax losses of \$22,027,458 to carry forward as at 30 June 2023, 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 \$115,571,089 available to it. Under its Constitution, the uncalled capital can be drawn by the Company on demand as and when required.

17. Reconciliation of Net Deficit for the Year to Cash Flows from Operating Activities	2023 \$'000	2022 \$'000
Net surplus / (deficit) for the year after taxation	(6,439)	(6,997)
<i>Items not involving cash flows</i>		
Depreciation	5,944	6,088
<i>Impact of changes in working capital items</i>		
(Increase) /decrease in rent receivable	-	-
(Increase) /Decrease in interest receivable	(4)	-
(Increase) /decrease in subvention payment receivable	-	-
(Increase) /decrease in income tax receivable	-	-
Increase / (decrease) in GST payable	(5)	14
Increase / (decrease) in trade and other payables	101	38
Increase / (decrease) in interest accrued	103	245
Net cash flow from operating activities	<u>(300)</u>	<u>(612)</u>

Dunedin Stadium Property Limited

Notes to the Financial Statements For the Year Ended 30 June 2023

18. Covid-19

Covid-19 has not had a direct impact on the Company in the year under review.

19. Events After Balance Date

On 21 September, Dunedin City Treasury Limited approved the increase of Dunedin Stadium Property Limited's facility limit to \$90m. The updated facility agreement is still to be signed at the date of approving these accounts.

Dunedin Stadium Property Limited

Statement of service performance For the Year Ended 30 June 2023

Performance targets

Achievements

1	An Asset Management Plan is in place.	Achieved. An Asset Management Plan is in place.
2	The Asset Management Plan is internally reviewed annually, and externally reviewed every three years (next in FY24).	Achieved. The Asset Management Plan has been internally reviewed during the 2023 financial year. An external review is scheduled for FY2024.
3	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	Incorporate potential impacts of climate change on Forsyth Barr Stadium into Asset Management Plan and/or risk management.	Not Achieved. This will be addressed in the external review of the AMP, which is due to take place in the first quarter of FY24.
5	A debt repayment program is in place and is reviewed by the board annually.	Achieved. A debt repayment program is in place and was reviewed during the 2022 financial year. Debt decreased by \$1,610k this year. It is expected that subvention receipts will resume during the next financial year which will enable further reduction of debt.
6	A draft 2023/2024 Statement of Intent will be submitted to the shareholder by 1 March 2023.	Achieved. The draft 2023/2024 Statement of Intent was submitted to DCHL and DCC by 1 March 2023.
7	Implement DSPL's carbon emissions strategy developed in the 2022 financial year and achieve our FY2023 targets.	The 2022 strategy was implemented. Carbon emission impacts are now considered as part of all capital expenditure proposals and opportunities to reduce carbon emissions have been identified.
8	Implement DSPL's waste reduction strategy developed in the 2022 financial year and achieve our FY2023 targets.	The 2022 waste reduction strategy was implemented. Waste impacts are now considered as part of all capital expenditure proposals.
9	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.

Dunedin Stadium Property Limited

Statement of service performance For the Year Ended 30 June 2023

10	Ensure that all direct employees are paid at living wage or above.	Achieved. DSPL does not directly employ any staff.
11	Escalate DSPL strategic or operational matters which could compromise the Council's community outcomes, to the shareholder in a timely manner.	Achieved. There were no matters requiring escalation to the shareholder.
12	To report matters of substance to the shareholder within 24 hours of the board becoming aware.	Achieved. There were no matters of substance to report to the shareholder.

Performance target 3 explained

The Asset Management Plan schedules anticipated 3x maintenance works with a combined budget of \$26,139, and 10x capital renewal works with a combined budget of \$2,950,445 in FY2023. The classification of 5x of the capital renewal works with a combined budget of \$355,967 was reviewed during the year. These works were subsequently re-classified as maintenance to more appropriately reflect the nature of the works.

Of the 8x planned maintenance works scheduled for FY2023:

- 6x works with a combined budget of \$359,104 were deferred to a future year. 3x deferrals were due to updated condition assessments, 1x due to revised project plan timing for the work, and 2x due to staff resource constraints (as a result of resource required to support the FIFA tournament).
- 2x works were delivered, totalling \$15,028 (compared with budget of \$23,002).

DSPL spent a further \$163,986 on unscheduled maintenance at the stadium during the financial year, to respond to unanticipated repairs and maintenance needs.

Of the 5x capital renewal works scheduled for FY2023:

- 4x works with a combined budget of \$2,544,478 were deferred to a future year. The majority of this (2x works) relates to a lighting project which will now be delivered in FY2024 due to delays in the assessment and tender process, as well as appointment of supplier and equipment lead times (6 months). 1x works relates to exit sign illuminations which was delayed due to internal resource constraints, this project was completed at the end of August 2023. 1x works related to asphalt/sealed areas which was deferred due to cost and funding requirements, the completion date is still to be determined.
- The remaining capital renewal project was delivered for \$50,700 (compared with budget of \$50,000).

DSPL spent a further \$691,892 in unplanned capital renewals over the year, associated with the upgraded changing rooms in preparation for the FIFA Women's World Cup 2023.

We do not anticipate the deferrals made in FY2023 to significantly impact the operations or effectiveness of the stadium. Most works have been deferred into FY2024 and are planned to be completed alongside the existing FY2024 work programme. An external review of the AMP and schedules is planned for FY2024 and this may result in changes to the forward work programme and associated budgets.

Dunedin Stadium Property Limited

Statement of service performance For the Year Ended 30 June 2023

Financial forecasts	\$'000	Achievement	\$'000
EBITDA	6,202	EBITDA	2,755
Net surplus/(deficit) after tax	(2,708)	Net surplus/(deficit) after tax	(6,439)
Cash flow from operations	3,204	Cash flow from operations	(300)
Capital expenditure	2,950	Capital expenditure	603
Term loans	81,000	Term loans	83,370
Shareholder's funds to total assets	44%	Shareholder's funds to total assets	40%
Dividend distributions	Nil	Dividend distributions	Nil

The financial forecasts in the Statement of Intents 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 \$7,420,000 is largely consistent with the budgeted operating deficit before tax and subventions of \$7,511,000.

Dunedin Stadium Property Limited

Directory As at 30 June 2023

Directors

William H Cockerill
Keith T Cooper
Richard J Thomson
Timothy D R Loan
Susie J Johnstone

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 2023

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 8 to 22, that comprise the statement of financial position as at 30 June 2023, 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 23 to 25.

In our opinion:

- the financial statements of the company:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2023; 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 2023.

Our audit was completed on 29 September 2023. 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 2023 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 7 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.

A Board member of the company was a member of the Auditor-General's Audit and Risk Committee until October 2022. The Auditor-General's Audit and Risk Committee is regulated by a Charter that specifies that it should not assume any management functions. There are appropriate safeguards to reduce any threat to auditor independence, as the members of the Auditor-General's Audit and Risk Committee have no involvement in, or influence over, the audit of the company.

Other than the audit, and the relationship with the Auditor-General's Audit and Risk Committee, we have no relationship with or interests in the company.

A handwritten signature in dark ink, appearing to read 'R. Tomlinson', with a stylized circular flourish on the left.

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