
Dunedin Stadium Property Limited

Annual Report
2021

Dunedin Stadium Property Limited

Contents	Page
Directors' report	2
Greenhouse gas emissions summary	4
Directors' declarations of interest	5
Statement of responsibility	7
Statement of comprehensive income and statement of changes in equity	8
Statement of financial position	9
Statement of cash flows	10
Notes to the financial statements	11
Statement of service performance	24
Directory	26
Report of the Independent auditor	27

Dunedin Stadium Property Limited

Directors' report For the year ended 30 June 2021

This report presents Dunedin Stadium Property Limited's activities and results for the year ended 30 June 2021.

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 Directors reviewed the Asset Management Plan and approved an appropriate budget for assets to be maintained at an operational level, over the next ten years. In some cases, the maintenance spend may be increased over that in the Asset Management Plan so as to provide for a longer life.

Results for the year ended 30 June 2021

The Company recorded a net loss before subventions and income tax of \$7,472,000 for the year. This is an improvement of \$720,000 over the previous year, resulting from a reduction in depreciation and borrowing costs, and it was not necessary to provide rent relief during the current year.

This year no subvention payments were received from companies within the Dunedin City Holdings Limited Group. Subvention payments are dependent on the ongoing profitability of the underlying group of companies owned by Dunedin City Holdings Limited. Instead, the Company has a deferred tax asset in relation to tax losses of \$12,279,000 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 2021

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 \$16,573 (2020: \$16,078).

Directors' interests in contracts

No material contracts involving Directors' interests were entered into during the year ended 30 June 2021 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	\$ 21,278
K E Grant	Non- executive director	Nil
K T Cooper	Non- executive director	Nil
L M Robertson	Non- executive director	Nil
C C Hopkins	Non- executive director	Nil
R J Thomson	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 2021 are attached to this report.

Dunedin Stadium Property Limited

Greenhouse gas emissions summary For the year ended 30 June 2021

During the year the Dunedin City Holdings Limited Group have, for the first time, assessed and measured its Greenhouse Gas (GHG) emissions.

This process was completed with the assistance of external advisors and 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 Limited

Directors' declarations of interest For the year ended 30 June 2021

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 - appointed 1 July 2020
Director, Dunedin Stadium Property Limited
Director, Miller Creative Group Limited
Owner/Director, Littlebrook Farm Limited

Linda M Robertson
1 July 2018 - present

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 - appointed 1 July 2020
Director, NZ Local Government Funding Agency
Director, Alpine Energy Limited - appointed 27 August 2020
Director, Central Lakes Direct Limited
Director and Shareholder, RML Consulting Limited
Board Member, AWS Legal - ceased March 2021
Member, Risk and Audit Committee, The Treasury
Member, Capital Markets Advisory Committee, The Treasury
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 - appointed July 2021
Member, Audit and Risk Committee, Office of the Auditor-General and Audit New Zealand - effective January 2022

Kathleen E Grant
1 July 2018 - 30 June 2021

Director, Dunedin City Holdings Limited - ceased 30 June 2021
Director, Dunedin City Treasury Limited - ceased 30 June 2021
Director, Dunedin Stadium Property Limited - ceased 30 June 2021
Director, Dunedin Railways Limited - appointed 1 July 2020, ceased 30 June 2021
Director, NMIT Limited - appointed April 2020
Director, Weltec Limited - appointed April 2020
Director, Whitireia Limited - appointed April 2020
Council Member, NZ Institute of Skills and Technology - appointed April 2020
Trustee, Central Lakes Trust - appointed 1 December 2020
Trustee of various client trusts

Dunedin Stadium Property Limited

Directors' declarations of interest For the year ended 30 June 2021

Director

Declarations of Interests

Christopher C Hopkins

25 June 2019 - present

Chair, Health Central Limited - appointed 21 September 2020
Chair, Engineering Dunedin Incorporated - ceased November 2020
Director, Oakwood Group Limited
Director, Our Planit Limited
Director, Spade Work Limited
Director, GW Batts Trustee Limited
Director, Dunedin City Holdings Limited
Director, Dunedin City Treasury Limited
Director, Dunedin Stadium Property Limited
Director, Dunedin Railways Limited - appointed 1 July 2020
Director, J B Frame & Son Ltd - appointed 5 March 2021
Director and Shareholder, Southmed Limited - appointed April 2020
Director and Shareholder, INMR Measure Limited - appointed 30 September 2020
Director and Shareholder, Mimeo Industrial Limited - appointed 18 February 2021

Richard J Thomson

1 July 2020 - present

Director, Dunedin City Holdings Limited - appointed 1 July 2020
Director, Dunedin City Treasury Limited - appointed 1 July 2020
Director, Dunedin Stadium Property Limited - appointed 1 July 2020
Director, Dunedin Railways Limited - appointed 1 July 2020
Director and Shareholder, Thomson & Cessford Ltd (T/A Acquisitions)
Chair, Hawksbury Community Living Trust
Trustee, Healthcare Otago Charitable Trust

Susie J Johnstone

1 March 2021 - present

Director, Dunedin City Holdings Limited - appointed 1 March 2021
Director, Dunedin City Treasury Limited - appointed 1 March 2021
Director, Dunedin Stadium Property Limited - appointed 1 March 2021
Director, Dunedin Railways Limited - appointed 1 March 2021
Director & Shareholder, Shand Thomson Chartered Accountants
Member, Office of the Auditor General Audit & Risk Committee
Director & Shareholder, Johnstone Afforestation
Trustee, Dunedin Diocese Trust Board
Trustee, Clutha Community Foundation
Trustee of various client trusts through Shand Thomson & Abacus
Nominee Companies

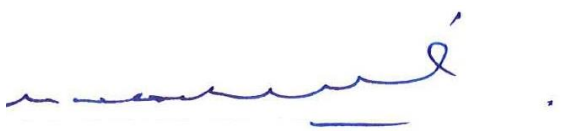
Dunedin Stadium Property Limited

Statement of responsibility For the year ended 30 June 2021

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 2021 fairly reflect the financial position and operations of Dunedin Stadium Property Limited.



Chair
21 September 2021



Director
21 September 2021

Dunedin Stadium Property Limited

Statement of comprehensive income For the year ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
Operating revenue	1	2,413	2,161
Financial revenue	2	-	2
Total revenue		2,413	2,163
Less expenses:			
Operating expenses	4	765	606
Interest expense	3	2,974	3,557
Depreciation	6	6,146	6,192
Total expenditure		9,885	10,355
Loss before tax and subvention		(7,472)	(8,192)
Subvention receipt		3	1
Loss before tax		(7,469)	(8,191)
Income tax expense / (benefit)	5	(1)	6
Net loss after tax		(7,468)	(8,197)
Other comprehensive income:			
Interest rate swap hedges gains (losses) during the year		1,010	771
Total comprehensive loss for the year		(6,458)	(7,426)

Statement of changes in equity For the year ended 30 June 2021

	2021 \$'000	2020 \$'000
Opening Equity	69,297	74,473
Share Capital Contributions	2,250	2,250
Total comprehensive loss for the year after taxation	(6,458)	(7,426)
Closing Equity	65,089	69,297

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 2021

	Note	2021 \$'000	2020 \$'000
Current assets			
Cash and cash equivalents	10	19	23
Trade and other receivables	11	-	-
Total current assets		19	23
Non-current assets			
Property, plant and equipment	6	151,805	157,896
Total non-current assets		151,805	157,896
Total assets		151,824	157,919
Current liabilities			
Trade and other payables	12	395	1,677
Current portion of term borrowings	7	-	-
Total current liabilities		395	1,677
Non-current liabilities			
Term borrowings	7	86,340	85,935
Derivative financial instruments	8	-	1,010
Total non-current liabilities		86,340	86,945
Equity			
Share capital	13	124,929	122,679
Cash flow hedge reserve	13	-	(1,010)
Retained losses	13	(59,840)	(52,372)
Total equity		65,089	69,297
Total liabilities and equity		151,824	157,919

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 2021

	Note	2021 \$'000	2020 \$'000
Cash flow from operating activities			
<i>Cash was provided from:</i>			
Receipts from customers		2,413	2,161
Subvention receipts		3	504
Interest received		-	2
Net GST received		-	-
		<u>2,416</u>	<u>2,667</u>
<i>Cash was disbursed to:</i>			
Interest paid		3,235	3,464
Net GST paid		3	6
Payments to suppliers		761	(419)
Subvention receipts repaid		1,021	-
		<u>5,020</u>	<u>3,051</u>
Net cash inflow/(outflow) from operating activities	18	<u>(2,604)</u>	<u>(384)</u>
Cash flow from investing activities			
<i>Cash was disbursed to:</i>			
Net purchase of property, plant and equipment		55	-
		<u>(55)</u>	<u>-</u>
Net cash inflow/(outflow) from investing activities		<u>(55)</u>	<u>-</u>
Cash flow from financing activities			
<i>Cash was provided from:</i>			
Shareholder capital		2,250	2,250
		<u>2,250</u>	<u>2,250</u>
<i>Cash was disbursed to:</i>			
Net repayment of borrowings/(borrowings made)		(405)	1,890
		<u>(405)</u>	<u>1,890</u>
Net cash outflow from financing activities		<u>2,655</u>	<u>360</u>
Net increase/(decrease) in cash		(4)	(24)
Opening cash and cash equivalents		23	47
Closing cash and cash equivalents	10	<u>19</u>	<u>23</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 2021

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 financial statements of Dunedin Stadium Property Limited are for the year ended 30 June 2021.

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.

Dunedin Stadium Property Limited is a Public Benefit Entity.

Statement of compliance

The financial statements have been prepared in accordance with the Tier 2 Public Benefit Entity Accounting Standards.

The financial statements were authorised for issue by the Directors on 21 September 2021.

Basis of preparation

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.

For the purpose of complying with NZ Generally Accepted Accounting Practice (NZ GAAP), the Company is eligible to apply Tier 2 Public Benefit Entity Accounting Standards on the basis that it does not have public accountability and is not a large public benefit entity. The Company has elected to report in accordance with Tier 2 Public Benefit Entity Accounting Standards and has applied disclosure concessions.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2021 and the comparative information for the year ended 30 June 2020.

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 2021

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 2021.

Changes in accounting policies

There has been no change in accounting policies. Policies for the current year and comparative year have been applied on a consistent basis.

Dunedin Stadium Property Limited

Notes to the Financial Statements For the Year Ended 30 June 2021

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.

	2021 \$'000	2020 \$'000
Rentals and reimbursements from Dunedin Venues Management Ltd	2,413	2,161

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.

	2021 \$'000	2020 \$'000
Interest received from funds on deposit	-	2

The rate of interest earned on deposits is 0.25% (2020: 1.75% 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 financial performance in the period in which they are incurred.

	2021 \$'000	2020 \$'000
Interest to Dunedin City Treasury Ltd	2,974	3,557

Dunedin Stadium Property Limited

Notes to the Financial Statements For the Year Ended 30 June 2021

4. Operating Expenses

	2021 \$'000	2020 \$'000
Audit fees - for audit of financial statements	17	16
Directors remuneration	21	19
Other expenses	727	571
Total operating expenses	765	606

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 financial performance because it excludes items of income 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.

	2021 \$'000	2020 \$'000
Loss for the year before income tax	(7,469)	(8,191)
Income tax credit at 28%	(2,091)	(2,293)
<i>Tax effect of following adjustments</i>		
Non-deductible building depreciation	189	758
Deferred tax on losses not recognised	1,901	1,535
Tax losses to be utilised	-	-
Adjustment to previous years taxation provision	-	6
Income tax expense / (benefit)	(1)	6

Dunedin Stadium Property Limited

Notes to the Financial Statements For the Year Ended 30 June 2021

The Company has not recognised a deferred tax asset in relation to tax losses of \$12,278,000 (2020: \$5,483,000) and temporary differences of nil (2020: \$1,010,000).

The Company intends to transfer the 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	2% to 67%	Straight line
External site works	2% to 20%	Straight line
Furniture, fittings & equipment	2% 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). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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 (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) 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 2021

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is immediately recognised as income.

2021	Land	Buildings	Fit out	Pitch construction	External site works	Fixtures fittings & equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost							
Balance at beginning of year	28,526	126,465	46,960	2,415	7,171	12,077	223,614
Additions	-	-	55	-	-	-	55
Balance at end of year	28,526	126,465	47,015	2,415	7,171	12,077	223,669
Accumulated depreciation							
Balance at beginning of year	-	22,553	30,130	2,131	2,004	8,900	65,718
Depreciation	-	2,529	2,636	61	213	707	6,146
	-	25,082	32,766	2,192	2,217	9,607	71,864
Balance at end of year	28,526	101,383	14,249	223	4,954	2,470	151,805

2020	Land	Buildings	Fit out	Pitch construction	External site works	Fixtures fittings & equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost							
Balance at beginning of year	28,526	126,465	46,960	2,415	7,171	12,077	223,614
Additions	-	-	-	-	-	-	-
Balance at end of year	28,526	126,465	46,960	2,415	7,171	12,077	223,614
Accumulated depreciation							
Balance at beginning of year	-	20,023	27,463	2,070	1,786	8,183	59,525
Depreciation	-	2,530	2,667	61	218	717	6,193
Disposals	-	-	-	-	-	-	-
	-	22,553	30,130	2,131	2,004	8,900	65,718
Balance at end of year	28,526	103,912	16,830	284	5,167	3,177	157,896

Dunedin Stadium Property Limited

Notes to the Financial Statements For the Year Ended 30 June 2021

7. Term Borrowings

Accounting policy

Term borrowings are initially recorded net of directly attributable transaction costs and are measured at subsequent reporting dates at amortised cost. Finance charges, premiums payable on settlement or redemption and direct costs are accounted for on an accrual basis to the statement of financial performance using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

	2021 \$'000	2020 \$'000
Loan Balance to Dunedin City Treasury Limited	86,340	85,935

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 3.45% (2020: 4.09%).

8. Derivative Financial Instruments and Hedge Accounting

Accounting Policy

The Company's activities expose it primarily to the financial risks of changes in interest rates. The Company has an interest rate swap contract to hedge this exposure.

The use of financial derivatives across the entire DCC Group, is managed by Dunedin City Treasury Limited and is governed by the DCC Treasury Risk Management Policy. This policy provides written principles on the use of financial derivatives.

Derivative financial instruments are recognised at fair value on the date the derivative is entered into and are subsequently remeasured to their fair value. The fair value on initial recognition is the transaction price. Subsequently fair values are based on independent bid prices quoted in active markets as provided for us by our banking counterparties.

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity and any ineffective portion is recognised immediately in the statement of financial performance. If the cash flow hedge of a firm commitment or forecasted transaction results in the recognition of an asset or a liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of an asset or a liability, amounts deferred in equity are recognised in the statement of financial performance in the same period in which the hedged item affects net profit or loss.

The fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedge relationship is more than twelve months and as a current liability if the remaining maturity of the hedge relationship is less than twelve months.

Dunedin Stadium Property Limited

Notes to the Financial Statements For the Year Ended 30 June 2021

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the statement of financial performance as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecast transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the statement of financial performance for the period.

	2021 \$'000	2020 \$'000
Fair Value		
Interest rate swaps - non-current	-	1,010

9. 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 liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

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 \$120,071,000 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	2021 \$'000	2020 \$'000
Financial assets:		
Bank current account	19	23
Rent receivable	-	-
Subvention payment receivable	-	-
Income tax receivable	-	-
Financial liabilities:		
Creditors and accrued expenses	21	1,039
Interest accrued	362	623
Borrowings (current and non-current)	86,340	85,935
Derivative financial instruments	-	1,010

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

Dunedin Stadium Property Limited

Notes to the Financial Statements For the Year Ended 30 June 2021

10. 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.

	2021 \$'000	2020 \$'000
Bank current account	19	23
	<u>19</u>	<u>23</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.

11. Trade and Other Receivables

Accounting policy

Trade and other receivables are stated at cost less any allowances for estimated irrecoverable amounts.

	2021 \$'000	2020 \$'000
Subvention payment receivable	-	-
Income tax receivable	-	-
GST Receivable	-	-
	<u>-</u>	<u>-</u>
Total receivables comprise:		
Receivables from non-exchange transactions	-	-
Receivables from exchange transactions	-	-

12. Trade and Other Payables

Accounting policy

Trade and other payables are stated at cost.

	2021 \$'000	2020 \$'000
Trade creditors and accrued expenses	21	1,039
Interest accrued	362	623
GST Payable	12	15
	<u>395</u>	<u>1,677</u>

Dunedin Stadium Property Limited

Notes to the Financial Statements For the Year Ended 30 June 2021

13. Equity

	2021 \$'000	2020 \$'000
Share capital		
Shares on issue \$1 per share	245,000	245,000
Called and fully paid capital:		
Opening balance	122,679	120,429
Call on capital during the year	2,250	2,250
Balance at the end of the year	124,929	122,679
Uncalled capital	120,071	122,321

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.

Cash flow hedge reserve

	2021 \$'000	2020 \$'000
Opening balance	(1,010)	(1,781)
Interest rate swap hedges gains (losses) during the year	1,010	771
Balance at the end of the year	-	(1,010)

Retained losses

Opening Balance	(52,372)	(44,175)
Net loss for the year after taxation	(7,468)	(8,197)
Balance at the end of the year	(59,840)	(52,372)

14. Capital Expenditure and Operating Lease Commitments

Capital commitments

The Company had no capital expenditure commitments at year end (2020: \$nil).

Operating lease commitments as lessee

The Company had no operating lease commitments as lessee at year end (2020: 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.

	2021 \$'000	2020 \$'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	10,167	12,167
	20,167	22,167

Dunedin Stadium Property Limited

Notes to the Financial Statements For the Year Ended 30 June 2021

15. Contingent Liabilities

There were no contingent liabilities at year end (2020: \$nil).

16. 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:

	2021 \$'000	2020 \$'000
Dunedin City Council		
Rates paid	154	150
	<u>154</u>	<u>150</u>
Dunedin City Treasury Limited		
Interest paid	2,974	3,557
	<u>2,974</u>	<u>3,557</u>
<i>As at balance date:</i>		
Payable to Dunedin City Treasury Ltd:		
Loan – refer Note 7	86,340	85,935
Interest accrued	362	623
Subvention payment receivable/(payable)	-	(1)
	<u>86,702</u>	<u>86,557</u>
Dunedin Venues Management Limited		
Rent and costs received	2,413	2,161
Management fee paid	(70)	(70)
Reimbursements for asset management and maintenance	(240)	(81)
	<u>2,103</u>	<u>2,010</u>
<i>As at balance date:</i>		
Payable to Dunedin Venues Management Limited:		
Subvention payment receivable/(payable)	-	(5)
	<u>-</u>	<u>(5)</u>
City Forests Limited		
Subvention payment received	-	1
	<u>-</u>	<u>1</u>

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 2021

Compensation of key management personnel

The remuneration of Directors during the year was \$21,278 (2020: \$19,110).

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.

17. Going Concern

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

The Company has recorded a net loss after taxation of \$7,468,000 and net working capital of (\$376,000) at 30 June 2021.

This year no subvention payments were received from companies within the Dunedin City Holdings Limited Group. The ability to make subvention payments is dependent on the ongoing profitability of the Dunedin City Consolidated Income Tax Group. Instead, the Company has a deferred tax asset in relation to tax losses of \$12,278,000 to carry forward as at 30 June 2021, 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 \$120,071,000 available to it. Under its Constitution, the uncalled capital can be drawn by the Company on demand as and when required.

18. Reconciliation of Net Loss for the Year to Cash Flows from Operating Activities

	2021 \$'000	2020 \$'000
Net loss for the year after taxation	(7,468)	(8,197)
<i>Items not involving cash flows</i>		
Depreciation	6,146	6,192
<i>Impact of changes in working capital items</i>		
(Increase) / decrease in subvention payment receivable	-	503
(Increase) / decrease in income tax receivable	-	(5)
Increase / (decrease) in GST payable	(3)	(6)
Increase / (decrease) in trade and other payables	(1,018)	1,024
Increase / (decrease) in interest accrued	(261)	93
Net cash flow from operating activities	(2,604)	(396)

Dunedin Stadium Property Limited

Notes to the Financial Statements For the Year Ended 30 June 2021

19 Covid-19

Covid-19 has not had a direct impact on the Company. However, it has negatively affected Dunedin Venues Management Limited, which leases the Forsyth Barr Stadium from the Company. In the prior year the Company provided rent relief to Dunedin Venues Management Limited for the three month period it was unable to utilise the Stadium.

20 Events After Balance Date

There have been no significant events since balance date.

New Zealand went into Covid-19 Level 4 lockdown on Wednesday 18 August. This is a non-adjusting event and has no impact on the 2021 Annual Report.

Statement of service performance For the Year Ended 30 June 2021

Performance targets

- 1 An Asset Management Plan is in place.
- 2 The Asset Management Plan is internally reviewed annually, and externally reviewed every three years (next in 2021).
- 3 Asset maintenance is compliant with the Asset Management Plan schedules and principles, including condition based assessments.
- 4 Seek advice on potential impact of climate change (e.g. sea level rise or increased frequency of severe weather events) on Forsyth Barr Stadium.
- 5 A debt repayment program is in place and is reviewed by the board annually.
- 6 A draft 2021/2022 Statement of Intent will be submitted to the shareholder by 1 March 2021.
- 7 Establish systems for measuring and publicly reporting carbon emissions by end of FY2021, in a cost effective, manner, with a view to then identifying and setting emissions reductions targets.
- 8 Escalate DSPL strategic or operational matters which could compromise the Council's community outcomes, to the shareholder in a timely manner.
- 9 To report matters of substance to the shareholder within 24 hours of the board becoming aware.

Performance targets achieved

- Achieved. An Asset Management Plan is in place.
- Achieved. The Asset Management Plan has been externally reviewed during the 2021 financial year and is currently being finalised.
- Achieved. Asset maintenance is compliant with the Asset Management Plan.
- Achieved. Advice has been sought from external consultants.
- Achieved. A debt repayment program is in place and was reviewed during the 2021 financial year. While debt increased this year, it is expected that subvention receipts will resume during the next financial year which will enable debt to reduce again.
- Achieved. The draft 2021/2022 Statement of Intent was submitted to the ultimate shareholder on 1 March 2021.
- Achieved. Established systems for measuring and publicly reporting carbon emissions. Baseline data has been established in order to identify and set emission reduction targets.
- Achieved. There were no matters requiring escalation to the shareholder.
- Achieved. There were no matters of substance to report to the shareholder.

Dunedin Stadium Property Limited

Statement of service performance For the Year Ended 30 June 2021

Financial forecasts	\$'000	Achievement	\$'000
1a. EBITDA	3,006	EBITDA	1,651
1b. Net profit (Loss) before tax	(6,548)	Net profit (Loss) before tax	(7,469)
1c. Cash flow from operations	(31)	Cash flow from operations	(2,604)
1d. Capital expenditure	1,590	Capital expenditure	55
1e. Term loans	85,495	Term loans	86,340
2. Shareholder's funds to total assets	44%	Shareholder's funds to total assets	43%
3. 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 loss before tax and subventions for the year of \$7,472,000 is largely consistent with the budgeted operating loss before tax and subventions of \$8,204,000.

Dunedin Stadium Property Limited

Directory As at 30 June 2021

Directors

William H Cockerill
Keith T Cooper
Linda M Robertson
Christopher C Hopkins
Richard J Thomson
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 2021

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 23, that comprise the statement of financial position as at 30 June 2021, the statement of comprehensive income, 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 on pages 8 to 23:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2021; 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 on pages 24 to 25 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 2021.

Our audit was completed on 27 September 2021. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. 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.

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.

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 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