

Dunedin Venues Limited

Annual Report

2015

Dunedin Venues Limited
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For the Year Ended 30 June 2015

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Dunedin Venues Limited
Directory
For the Year Ended 30 June 2015

DIRECTORS

- | | |
|---------------------|------------------------------------|
| • Graham W Crombie | Appointed 2 February 2015 |
| • Keith T Cooper | Appointed 2 February 2015 |
| • Kathleen E Grant | Appointed 2 February 2015 |
| • Linda M Robertson | Appointed 2 February 2015 |
| • Brian J Wood | Appointed 2 February 2015 |
| | |
| • Sir John W Hansen | Resigned effective 2 February 2015 |
| • Peter G Stubbs | Resigned effective 2 February 2015 |
| • Peter J Hutchison | Resigned effective 2 February 2015 |
| • Peter J Brown | Resigned effective 2 February 2015 |
| • Jennifer H Rolfe | Resigned effective 2 February 2015 |

CHIEF EXECUTIVE OFFICER

- Terry Davies

REGISTERED OFFICE

- Dunedin City Council
50 The Octagon
Dunedin 9016

BANKERS

- BNZ
Dunedin

SOLICITORS

- Anderson Lloyd
Dunedin
- Gallaway Cook Allan
Dunedin

AUDITOR

- Audit New Zealand
Dunedin
(On behalf of the Office of the Auditor General)

Dunedin Venues Limited
Statutory Information
For the Year Ended 30 June 2015

The Directors of Dunedin Venues Limited are pleased to present their report on the activities of the Company for the year ended 30 June 2015

Principal Activities of the Company

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

Results for the Year Ended 2015

	\$'000
Loss for the year before taxation	(4,636)
Income tax expense	529
Loss for the year after taxation	<u>(4,107)</u>

State of Affairs

The Company recorded a net loss after tax of \$ (\$4,107,000) for the year. The loss includes the non cash depreciation expense of \$7,781,000, which along with the capital contribution of \$32,000,000 from the Dunedin City Council has enabled the Company to maintain a positive cash flow.

The Directors consider that the state of affairs of the Company is satisfactory.

Changes in Accounting Policies

There have been no changes in accounting policies adopted during the year.

Reserves

The following net transfers have been made to or from reserves:

	\$'000
Transfer from Cash Flow Hedging Reserve	(885)

Review of Operations

During the year the Directors, along with senior management and the shareholder, reviewed the asset management plan and approved an appropriate funding required to ensure that the assets are maintained at an operational level.

Borrowings

During the year, all payments have been met with regard to interest and principal repayments. The Dunedin City Council injected further capital of \$32,000,000 during the year and this has been used to settle debt.

Change of Directors

The change of directors is outlined on page 1.

Dunedin Venues Limited
Statutory Information
For the Year Ended 30 June 2015

Outlook

The approval of the Stadium Review by the Dunedin City Council has solidified the future funding requirements of the Company for the next ten years, ensuring the Company is able to maintain its operational, capital, and debt financing requirements.

Financial Statements

The audited financial statements for the year ended 30 June 2015 are attached to this report.

Director's Interest in Contracts

Refer to Director's Declarations of Interest section on page 4. The Directors has no related parties' transactions.

Auditors

The Controller and auditor general has contracted the audit to Audit New Zealand. Auditors remuneration is set out in Note 5 of the financial statements.

Directors' Insurance

As provided in the Company's Constitution, Dunedin Venues 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' Benefits

No Director of Dunedin Venues Limited has, since the end of the previous financial year, received or become entitled to receive a benefit. No Director received any remuneration for the year ended 30 June 2015.

Events Subsequent to Balance Date

No significant events have occurred subsequent to balance date.

Dunedin Venues Limited
Directors Declarations of Interest
For the Year Ended 30 June 2015

Director	Declarations of Interest
Graham W Crombie (appointed 2 February 2015)	Chairman, Otago Museum Trust Independent Chairman, Action Engineering Limited Director, Surf Life Saving NZ Chairman, NZ Genomics Limited Trustee, Arai Te Uru Kokiri Centre Charitable Trust Director and Shareholder, Innovatio Limited Chairman, Dunedin City Treasury Limited Chairman, Dunedin City Holdings Limited Deputy Commissioner, Southern District Health Board Associate Member of Commerce Commission
Keith T Cooper (appointed 2 February 2015)	Owner/Director - Littlebrook Farm Limited Director - Otago Rugby Football Union (Inc) Director, Dunedin City Treasury Limited Director, Dunedin City Holdings Limited
Kathleen E Grant (appointed 2 February 2015)	Consultant, Gallaway Cook Allan Chair of Council, Otago Polytechnic Trustee, Sport Otago Director, Dunedin City Treasury Limited Director, Dunedin City Holdings Limited Director, Dunedin International Airport Limited Director, Southern Sinfonia Commissioner, Southern District Health Board
Linda M Robertson (appointed 2 February 2015)	Director, Dunedin City Treasury Limited Director, Dunedin City Holdings Limited Director, Hunter Downs Development Company Limited Shareholder, Meridian Energy Limited Director and Shareholder, RML Consulting Limited Member, Audit and Risk Committee, Ministry of Social Development Director, New Zealand Registry Services Director, King Country Energy Technical Advisory Committee for NZ Export Office
Brian J Wood (appointed 2 February 2015)	Chairman, Buller Holdings Limited Chairman, Westreef Services Limited Chairman, Buller Recreation Limited Chairman, Westport Harbour Limited Chairman, Canterbury Linen Services Limited Chairman, Abley Transportation Consultants Limited Director, Interpret Geospatial Solutions Limited Director, Lyttelton Port of Christchurch Limited Director, Dunedin City Treasury Limited Director, Dunedin City Holdings Limited Director, Harrison Grierson Holdings Limited Member, Governance Board for Maintenance Contract, West Coast State Highways, Fulton Hogan

Dunedin Venues Limited
Statement of Responsibility
For the Year Ended 30 June 2015

The Board of Dunedin Venues Limited accept responsibility for the preparation of the annual financial statements and the judgements used in them;

The Board of Dunedin Venues Limited accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting; and

In the opinion of the Board of Dunedin Venues limited, the annual financial statements for the financial year ended 30 June 2015 fairly reflect the financial position and operations of Dunedin Venues Limited.

Director

Date:

Director

Date:

Dunedin Venues Limited
Statement of Financial Performance
For the Year Ended 30 June 2015

	<i>Note</i>	2015 \$'000	2014 \$'000
Revenue			
Operating revenue	3	4,000	4,000
Financial revenue	4	21	24
Total revenue		<u>4,021</u>	<u>4,024</u>
Less expenses			
Operating expenses	5	112	35
Interest expense	6	8,056	8,352
Depreciation	16	7,781	8,177
Total expenditure		<u>15,949</u>	<u>16,564</u>
Loss before taxation and subvention		<u>(11,928)</u>	<u>(12,540)</u>
Subvention receipt	8	7,292	7,754
Loss before tax		<u>(4,636)</u>	<u>(4,786)</u>
Income tax (expense) credit	7	529	247
Net loss for the year after taxation		<u>(4,107)</u>	<u>(4,539)</u>

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

Dunedin Venues Limited
Statement of Comprehensive Revenue and Expense
For the Year Ended 30 June 2015

		2015 \$'000	2014 \$'000
Other comprehensive income			
	<i>Note</i>		
Interest rate swap hedges gains (losses) during the year	9	(885)	2,832
Net loss for the year after taxation		(4,107)	(4,539)
Total comprehensive loss for the year after taxation		<u>(4,992)</u>	<u>(1,707)</u>

Dunedin Venues Limited
Statement of Changes in Equity
For the Year Ended 30 June 2015

	2015 \$'000	2014 \$'000
Movements in equity		
Opening Equity	63,576	63,283
Share Capital Contributions	32,000	2,000
Total comprehensive loss for the year after taxation	(4,992)	(1,707)
Closing Equity	<u>90,584</u>	<u>63,576</u>

Dunedin Venues Limited
Statement of Financial Position
As at 30 June 2015

	<i>Note</i>	2015 \$'000	2014 \$'000
Current Assets			
Cash and cash equivalents	10	3,893	3,753
Inter group advances	14	262	440
Trade and other receivables	12	2,357	1,681
Subvention Receivable		536	246
Total current assets		7,048	6,120
Non-Current Assets			
Property, plant and equipment	16	192,652	200,433
Total non-current assets		192,652	200,433
Total Assets		199,700	206,553
Current Liabilities			
Trade and other payables	13	1,960	1,925
Inter group advances	14	435	9
Current portion of term borrowings	15	5,121	5,207
Total current liabilities		7,516	7,141
Non-Current Liabilities			
Term Borrowings	15	98,258	133,379
Derivative financial instruments	17	3,342	2,457
Total non-current liabilities		101,600	135,836
Equity			
Share capital	9	111,689	79,689
Cash flow hedge reserve	9	(3,342)	(2,457)
Retained deficits	9	(17,763)	(13,656)
Total Equity		90,584	63,576
Total Liabilities and Equity		199,700	206,553

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

Dunedin Venues Limited
Statement of Cash flows
For the Year Ended 30 June 2015

	<i>Note</i>	2015 \$'000	2014 \$'000
Cash flows from Operating Activities			
<i>Cash was provided from</i>			
Receipts from customers		3,333	3,666
Subvention payments		7,293	7,754
Interest received		21	25
Income tax received		239	773
		<u>10,886</u>	<u>12,218</u>
<i>Cash was disbursed to</i>			
Interest paid		7,984	8,360
Payments to suppliers		32	43
GST Receivable		10	-
		<u>8,026</u>	<u>8,403</u>
Net Cash flow from Operating Activities	11	<u>2,860</u>	<u>3,815</u>
Cash flows from Investing Activities			
<i>Cash was disbursed to</i>			
Purchase of property, plant and equipment		117	364
Net Cash flow from Investing Activities		<u>(117)</u>	<u>(364)</u>
Cash flows from Financing Activities			
<i>Cash was provided from</i>			
Shareholder capital		32,000	2,000
Inter group advances		850	92
		<u>32,850</u>	<u>2,092</u>
<i>Cash was disbursed to</i>			
Repayment of inter group advances		246	246
Repayment of borrowings		35,207	4,944
		<u>35,453</u>	<u>5,190</u>
Net Cash flow from Financing Activities		<u>(2,603)</u>	<u>(3,098)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents		140	353
Opening Cash and Cash Equivalents		3,753	3,400
Closing Cash and Cash Equivalents		<u>3,893</u>	<u>3,753</u>
Composition of Cash and Cash Equivalents			
Bank Current Account		399	3
Deposit - Dunedin City Treasury Ltd		3,494	3,750
Cash and Cash Equivalents at the end of the year		<u>3,893</u>	<u>3,753</u>

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

Dunedin Venues Limited
Notes to the Financial Statements
For the Year Ended 30 June 2015

1 REPORTING ENTITY

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

Dunedin Venues 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 owned by the Dunedin City Council.

The financial statements of Dunedin Venues Limited are for the year ended 30 June 2015.

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

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

Dunedin Venues Limited is a public benefit entity.

Statement of Compliance

The financial statements have been prepared in accordance with the requirements of the Local Government Act 2002, the Companies Act 1993 and the Financial Reporting Act 2013.

The financial statements were authorised for issue by the Directors on 23 September 2015.

These financial statements are the first financial statements presented in accordance with the new PBE accounting standards. There were no material adjustments arising on transition to the new

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 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 NZ IFRS PBE and has applied disclosure concessions.

These financial statements are the first financial statements presented in accordance with the new PBE accounting standards. There were no material adjustments arising on transition to the new PBE accounting standards.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2015 and the comparative information for the year ended 30 June 2014.

Dunedin Venues Limited
Notes to the Financial Statements
For the Year Ended 30 June 2015

2 SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

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.

Sales of goods are recognised when significant risks and rewards of owning the goods are transferred to the buyer, when the revenue can be measured reliably and when management effectively ceases involvement or control.

Interest income is accrued on a time basis, 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.

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

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company As Lessor

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

Borrowing costs

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.

Dunedin Venues Limited
Notes to the Financial Statements
For the Year Ended 30 June 2015

Good and Service 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.

Taxation

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.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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.

Property, Plant and Equipment

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

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

Dunedin Venues Limited
Notes to the Financial Statements
For the Year Ended 30 June 2015

Depreciation is charged so as to write off the cost or valuation of assets on the straight-line basis. Rates used have been calculated to allocate the assets cost or valuation less estimated residual value over their estimated remaining useful lives.

Depreciation of these assets 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.

Assets held under finance leases are depreciated.

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. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease to the extent of any previous revaluation increase for that asset (or cash generating unit) that remains in the revaluation reserve. Any additional impairment is immediately transferred to the statement of financial performance.

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.

Dunedin Venues Limited
Notes to the Financial Statements
For the Year Ended 30 June 2015

Cash and cash equivalents

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.

Financial instruments

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.

Trade and other receivables

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

Trade and other payables

Trade and other payables are stated at cost.

Term borrowings

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.

Financial liability and equity

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.

Derivative financial instruments and hedge accounting

The Company's activities expose it primarily to the financial risks of changes in interest rates. The Company uses interest rate swap contracts to hedge these exposures.

The Company does not use derivative financial instruments for speculative purposes. However, derivatives that do not qualify for hedge accounting, under the specific NZ IFRS rules, are accounted for as trading instruments with fair value gains/losses being taken directly to the statement of financial performance.

The use of financial derivatives in each entity within the Company is governed by that entity's policy approved by its Board of Directors. The policies provide written principles on the use of financial derivatives.

Dunedin Venues Limited
Notes to the Financial Statements
For the Year Ended 30 June 2015

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.

For an effective hedge of an exposure to changes in the fair value, the hedged item is adjusted for changes in fair value attributable to the risk being hedged with the corresponding entry in the statement of financial performance. Gains or losses from re-measuring the derivative, or for non-derivatives the foreign currency component of its carrying amount, are recognised in the statement of financial performance.

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.

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.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not carried at fair value, with unrealised gains or losses reported in the statement of financial performance.

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.

Dunedin Venues Limited
Notes to the Financial Statements
For the Year Ended 30 June 2015

Critical judgements in applying accounting policies

There have been no critical judgements in applying accounting policies for the year ended 30 June 2015

Standards and Interpretations Effective in the Current Period

The New Zealand Financial Reporting Framework is changing and the differential reporting framework is being withdrawn from periods beginning on or after 1 April 2015. The Company is expected to be able to make use of the NZ IFRS Reduced Disclosure Regime under the External Reporting Board A1 "Accounting Standards Framework (for Profit Entities Update)" ('XRB A1'). The impacts of this are currently being considered by the Company, but are expected to require changes to both recognition and disclosure requirements.

Comparative Figures

Comparative information has been reclassified as appropriate to achieve consistency in disclosure with the current year.

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.

	2015	2014
	\$'000	\$'000
3 OPERATING REVENUE		
Rentals from Dunedin Venues Management Ltd	4,000	4,000
	<u>4,000</u>	<u>4,000</u>
	2015	2014
	\$'000	\$'000
4 FINANCIAL REVENUE		
Interest received from funds on deposit	21	24
	<u>21</u>	<u>24</u>

The rate of interest earned on deposits is 2.5% p.a.

Dunedin Venues Limited
Notes to the Financial Statements
For the Year Ended 30 June 2015

	2015 \$'000	2014 \$'000
5 OPERATING EXPENSES		
Audit fees - for audit of financial statements	14	14
Directors remuneration	-	-
Other expenses	98	21
Total operating expenses	<u>112</u>	<u>35</u>

The auditors of the company is Audit New Zealand (on behalf of the Office of the Auditor General)

	2015 \$'000	2014 \$'000
6 INTEREST EXPENSE		
Interest to Dunedin City Treasury Ltd	8,056	8,352
Total financial expenses	<u>8,056</u>	<u>8,352</u>

	2015 \$'000	2014 \$'000
7 INCOME TAXES		
Income Tax Recognised in Comprehensive Income		
Loss for the year before income tax	(4,636)	(4,786)
Income tax expense (credit) calculated at 28% (2014: 28%)	(1,298)	(1,340)
<i>Tax effect of following adjustments</i>		
Non-deductible building depreciation	762	762
Group tax offset	-	331
Adjustment to previous years taxation provision	7	-
Income tax expense (credit)	<u>(529)</u>	<u>(247)</u>
Effective tax rate	0%	0%
Comprising		
Current tax provision	(529)	(247)
Deferred tax provision	-	-
Income tax	<u>(529)</u>	<u>(247)</u>

A deferred tax asset has not been recognised in relation to temporary differences of \$3,342,000 (2014: \$2,457,000).

The Company has no imputation credits available for use in subsequent periods.

Dunedin Venues Limited
Notes to the Financial Statements
For the Year Ended 30 June 2015

	2015	2014
	\$'000	\$'000
8 Subvention Receipt		
Subvention receipts from non-exchange transactions	5,250	5,250
Subvention receipts from exchange transactions	2,042	2,504
	<u>7,292</u>	<u>7,754</u>

	2015	2014
	\$'000	\$'000
9 EQUITY - Share Capital		

Issued Capital

111,688,911 fully paid ordinary shares (2014: 79,688,931)	<u>111,689</u>	<u>79,689</u>
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245,000,000 shares have been issued to the Dunedin City Council at \$1 per share. At 30 June 2015 111,688,911 (2014: 79,689,911) of these shares had been called and fully paid.

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.

During the year, Dunedin Venues Limited called on a further capital of \$32,000,000 from the Dunedin City Council

The amounts and dates of issue were:

- 15 July 2014 500,000 ordinary shares
- 15 October 2014 500,000 ordinary shares
- 15 January 2015 500,000 ordinary shares
- 15 April 2015 500,000 ordinary shares
- 30 June 2015 30,000,000 ordinary shares

As at 30 June 2015 the company has uncalled capital of \$133,311,089 (2014: \$165,311,089)

	2015	2014
	\$'000	\$'000
EQUITY - Reserves		
Opening Balance	(2,457)	(5,289)
Interest rate swap hedges gains (losses) during the year	(885)	2,832
	<u>(3,342)</u>	<u>(2,457)</u>

Dunedin Venues Limited
Notes to the Financial Statements
For the Year Ended 30 June 2015

	2015	2014
	\$'000	\$'000
EQUITY - Retained Deficits		
Opening Balance	(13,656)	(9,117)
Net loss for the year after taxation	(4,107)	(4,539)
	<u>(17,763)</u>	<u>(13,656)</u>

	2015	2014
	\$'000	\$'000
10 CASH AND CASH EQUIVALENTS		
Bank current account	399	3
Deposit - Dunedin City Treasury Ltd	3,494	3,750
	<u>3,893</u>	<u>3,753</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.

	2015	2014
	\$'000	\$'000
11 RECONCILIATION OF NET LOSS FOR THE YEAR TO CASHFLOWS FROM OPERATING ACTIVITIES		
Net loss for the year after taxation	(4,107)	(4,539)
<i>Items Not Involving Cash flows</i>		
Depreciation	7,781	8,177
<i>Impact of Changes in Working Capital Items</i>		
(Increase) / Decrease in taxation receivable	(290)	526
(Increase) / Decrease in rent receivable	(667)	(334)
(Increase) / Decrease in interest receivable	-	1
(Increase) / Decrease in subvention payment receivable	1	-
(Increase) / Decrease in GST receivable	(10)	-
Increase / (Decrease) in trade and other payables	80	(8)
Increase / (Decrease) in interest accrued	72	(8)
Net Cash flow from Operating Activities	<u>2,860</u>	<u>3,815</u>

Dunedin Venues Limited
Notes to the Financial Statements
For the Year Ended 30 June 2015

	2015	2014
	\$'000	\$'000
12 TRADE AND OTHER RECEIVABLES		
Rent receivable	1,667	1,000
Subvention payment receivable	680	681
GST Receivable	10	-
	<u>2,357</u>	<u>1,681</u>
Total receivables comprise:		
Receivables from non-exchange transactions	-	-
Receivables from exchange transactions	2,357	1,681
	<u>2,357</u>	<u>1,681</u>
	2015	2014
	\$'000	\$'000
13 TRADE AND OTHER PAYABLES		
Trade creditors and accrued expenses	95	132
Interest accrued	1,865	1,793
	<u>1,960</u>	<u>1,925</u>
	2015	2014
	\$'000	\$'000
14 INTERGROUP ADVANCES		
Advances received from:		
Aurora Energy Limited	399	9
Delta Utility Services Limited	36	-
	<u>435</u>	<u>9</u>
Advances made to:		
Dunedin Venues Management Limited	262	440
	<u>262</u>	<u>440</u>

Dunedin Venues Limited
Notes to the Financial Statements
For the Year Ended 30 June 2015

	2015	2014
	\$'000	\$'000
15 TERM BORROWINGS (secured)		
Dunedin City Treasury Ltd		
Loan Balance	103,379	138,586
	<u>103,379</u>	<u>138,586</u>

The repayment period on the borrowings is as follows:

Less than one year (current portion)	5,121	5,207
Repayable between one to two years	5,275	5,487
Repayable between two to five years	17,305	18,335
Repayable later than five years	75,678	109,557
	<u>103,379</u>	<u>138,586</u>

The Company has a loan facility of \$146,599,569

The first tranche balance is \$22,857,034 is repayable over 10 years from 2012 to 2021 and is funded by an amount equivalent to the public funding from initial memberships and sponsorship.

The second tranche balance is \$80,522,931 and is planned to be repaid over 19 ½ years from 2012 to 2031, following the Dunedin City Council agreeing to contribute further equity funding of \$2 million per year.

The loan is secured against the assets and undertakings of Dunedin Venues Limited.

The weighted average interest rate for the loan facility at year end, inclusive of any current portion was 5.92% (2014: 5.92%).

Dunedin Venues Limited
Notes to the Financial Statements
For the Year Ended 30 June 2015

16 PROPERTY, PLANT AND EQUIPMENT

	2015						
	Land	Buildings	Fit out	Pitch Construction	External Sit Works	Fixtures Fittings & Equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost or Valuation							
Balance at beginning of year	28,526	126,465	47,029	2,415	7,203	12,918	224,556
Additions	-	-	44	-	-	73	117
Disposals	-	-	(117)	-	-	-	(117)
Balance at end of year	28,526	126,465	46,956	2,415	7,203	12,991	224,556
Accumulated depreciation							
Balance at beginning of year	-	7,377	10,976	899	688	4,183	24,123
Depreciation	-	2,529	3,571	257	236	1,188	7,781
	-	9,906	14,547	1,156	924	5,371	31,904
Balance at end of year	28,526	116,559	32,409	1,259	6,279	7,620	192,652

	2014						
	Land	Buildings	Fit out	Pitch Construction	External Sit Works	Fixtures Fittings & Equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost or Valuation							
Balance at beginning of year	28,526	126,465	46,842	2,415	7,203	12,741	224,192
Additions	-	-	187	-	-	177	364
Disposals	-	-	-	-	-	-	-
Balance at end of year	28,526	126,465	47,029	2,415	7,203	12,918	224,556
Accumulated depreciation							
Balance at beginning of year	-	4,848	7,174	684	452	2,788	15,946
Depreciation	-	2,529	3,802	215	236	1,395	8,177
	-	7,377	10,976	899	688	4,183	24,123
Balance at end of year	28,526	119,088	36,053	1,516	6,515	8,735	200,433

Dunedin Venues Limited
Notes to the Financial Statements
For the Year Ended 30 June 2015

	2015	2014
	\$'000	\$'000
17 DERIVATIVE FINANCIAL INSTRUMENTS		
Fair Value		
Interest rate swaps	3,342	2,457
Analysed as:		
Current	-	-
Non-current	3,342	2,457
	3,342	2,457

18 CAPITAL EXPENDITURE COMMITMENTS AND OPERATING LEASES

The Company had no capital expenditure commitments at year end (2014: \$nil).

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. The rental has been valued at \$4,000,000 per annum

Receivable within one year	4,000	4,017
Receivable between one to five years	16,000	16,017
Receivable later than five years	44,333	48,333
	64,333	68,367

19 CONTINGENT LIABILITIES

There were no contingent liabilities at year end (2014: \$nil).

20 FINANCIAL INSTRUMENTS

a) 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 \$133,311,089 and the Company's ability to make calls on this uncalled capital will enable the Company to manage the capital risk.

Dunedin Venues Limited
Notes to the Financial Statements
For the Year Ended 30 June 2015

	2015	2014
	\$'000	\$'000
b) Categories of Financial Instruments		
Financial Assets		
Bank current account	399	3
Deposit - Dunedin City Treasury Ltd	3,494	3,750
Rent receivable	1,667	1,000
Subvention payment receivable	680	681
Dunedin Venues Management Limited	262	440
Financial Liabilities		
Creditors and accrued expenses	95	132
Interest accrued	1,865	1,793
Aurora Energy Limited	399	9
Delta Utility Services Limited	36	-
Borrowings (current and non-current)	103,379	138,586
Derivative financial instruments	3,342	2,457

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.

21 RELATED PARTY TRANSACTIONS

The Company is a wholly-owned subsidiary of the Dunedin City Council.

Transactions with Dunedin City Council

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

	2015	2014
	\$'000	\$'000
Financial Services	5	-
	5	-
<i>As at balance date:</i>		
Payable to Dunedin City Council	3	-
	3	-

Transactions with Dunedin City Council Controlled Entities

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

Dunedin Venues Limited
Notes to the Financial Statements
For the Year Ended 30 June 2015

	2015 \$'000	2014 \$'000
Dunedin City Treasury Limited		
Interest paid	8,056	8,352
Other expenses	-	13
Interest received	21	24
	<u>8,077</u>	<u>8,389</u>
<i>As at balance date:</i>		
Payable to Dunedin City Treasury Ltd:		
Loan – refer Note 14	103,379	138,586
Interest accrued	1,865	1,793
	<u>105,244</u>	<u>140,379</u>
Receivable from Dunedin City Treasury Ltd:		
Deposit	3,494	3,750
	<u>3,494</u>	<u>3,750</u>
	2015 \$'000	2014 \$'000
Dunedin Venues Management Limited		
Advance paid	178	409
Rent received	4,000	4,000
Management Fee	(70)	-
	<u>4,108</u>	<u>4,409</u>
21 RELATED PARTY TRANSACTIONS (CONTINUED)	2015 \$'000	2014 \$'000
<i>As at balance date:</i>		
Receivable from Dunedin Venues Management Limited:		
Advance – refer Note 13	262	440
Rent due	1,667	1,000
	<u>1,929</u>	<u>1,440</u>
Payable to Dunedin Venues Management Limited:		
Management Fee	70	-
	<u>70</u>	<u>-</u>

Dunedin Venues Limited
Notes to the Financial Statements
For the Year Ended 30 June 2015

	2015 \$'000	2014 \$'000
Aurora Energy Limited		
Subvention payment received	7,292	7,292
Advanced received/(paid)	390	(563)
	<u>7,682</u>	<u>6,729</u>

As at balance date

Receivable from Aurora Energy Limited: Subvention payment receivable	680	681
	<u>680</u>	<u>681</u>

Payable to Aurora Energy Limited: Advance - refer note 13	399	9
	<u>399</u>	<u>9</u>

	2015 \$'000	2014 \$'000
Delta Utility Services Limited		
Subvention payment received	-	-
Advanced received/(paid)	36	-
	<u>36</u>	<u>-</u>

As at balance date

Payable to Delta Utility Services Limited: Advance - refer note 13	36	-
	<u>36</u>	<u>-</u>

	2015 \$'000	2014 \$'000
City Forests Ltd		
Subvention payment received	-	462
	<u>-</u>	<u>462</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 Venues Limited
Notes to the Financial Statements
For the Year Ended 30 June 2015

22 GOING CONCERN

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

The Company has recorded a net loss after taxation of \$4,107,000 and a net working capital deficit of (\$468,000) at 30 June 2015. This result was achieved after receipt of subvention payments of \$7,292,000 from companies within the Dunedin City Holdings Limited Group. These payments are dependent on the ongoing profitability of the underlying group of companies controlled by DCHL. This position is mitigated by the uncalled capital of \$133,311,089 available to the Company. Under current contractual arrangements with the Dunedin City Council the uncalled capital can be drawn by the Company on demand as and when required.

23 EVENTS AFTER BALANCE DATE

There have been no significant events since balance date.

Dunedin Venues Limited
Statement of Service Performance
For the Year Ended 30 June 2015

Performance Targets

To report matters of substance to the Shareholder within 5 days of occurrence

To review the activities undertaken by the company for the purposes of being a good corporate citizen

Achievements

The shareholder is advised of any matters of substance within 5 days of occurrence

The company is required to report to the Council on community access to the stadium and other facilities. A total of 103 community events (2014: 96) were held during the financial year. These involved a variety of events including school functions, children's sports events and market days.

In addition to community access to facilities the company also provides significant economic benefits to the community. An analysis of all the events that received event attraction funding in 2014-15 showed total additional expenditure within the city of \$20.65 million. In 2013-14 the two test matches held in the city resulted in additional expenditure of \$15.95 million.

Independent Auditor's Report

To the readers of Dunedin Venues Limited's financial statements and performance information for the year ended 30 June 2015

The Auditor-General is the auditor of Dunedin Venues Limited (the company). The Auditor-General has appointed me, Ian Lothian, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of the company on her behalf.

Opinion on the financial statements and the performance information

We have audited:

- the financial statements of the company on pages 6 to 27, that comprise the statement of financial position as at 30 June 2015, the statement of financial performance, 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 performance information of the company on page 28.

In our opinion:

- the financial statements of the company:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2015; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with Public Benefit Entity Standards with reduced disclosure requirements.
- the performance information of the company presents fairly, in all material respects, the company's achievements measured against the performance targets adopted for the year ended 30 June 2015.

Our audit was completed on 23 September 2015. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities, and explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and the performance information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and the performance information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and in the performance information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and the performance information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the company's financial statements and performance information 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.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board of Directors;
- the adequacy of the disclosures in the financial statements and in the performance information; and
- the overall presentation of the financial statements and the performance information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and the performance information. Also, we did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

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

Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation and fair presentation of financial statements for the company that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparation of the performance information for the company.

The Board of Directors' responsibilities arise from the Local Government Act 2002.

The Board of Directors is responsible for such internal control as it determines is necessary to enable the preparation of financial statements and performance information that are free

from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for the publication of the financial statements and the performance information, whether in printed or electronic form.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and the performance information and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

Other than the audit, we have no relationship with or interests in the company.

A handwritten signature in black ink, appearing to read 'Ian Lothian', with a stylized, cursive script.

Ian Lothian
Audit New Zealand
On behalf of the Auditor-General
Dunedin, New Zealand