



Dunedin Venues Limited

Annual Report

2016

Dunedin Venues Limited
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For the Year Ended 30 June 2016

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Dunedin Venues Limited
Directory
For the Year Ended 30 June 2016

DIRECTORS

- | | |
|-----------------------|--------------------------------|
| • William H Cockerill | Appointed 7 June 2016 |
| • Joanne M Conroy | Appointed 7 June 2016 |
| • Graham W Crombie | Appointed 2 February 2015 |
| • Keith T Cooper | Resigned effective 7 June 2016 |
| • Kathleen E Grant | Resigned effective 7 June 2016 |
| • Linda M Robertson | Resigned effective 7 June 2016 |
| • Brian J Wood | Resigned effective 7 June 2016 |

REGISTERED OFFICE

- Dunedin City Council
50 The Octagon
Dunedin 9016

BANKERS

- ANZ
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 2016

The Directors of Dunedin Venues Limited are pleased to present their report on the activities of the Company for the year ended 30 June 2016

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 2016

	\$'000
Loss for the year before taxation	(3,893)
Income tax expense	335
Loss for the year after taxation	<u>(3,558)</u>

State of Affairs

The Company recorded a net loss after tax of \$ (\$3,558,000) for the year. The loss includes the non cash depreciation expense of \$7,374,000, which along with the capital contribution of \$1,990,000 from Dunedin City Holdings Limited 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	(105)

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. Dunedin City Holdings Limited injected capital of \$1,990,000 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 2016

Outlook

The Stadium Review in the previous year solidified the future funding requirements of the Company for the next decade, 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 2016 are attached to this report.

Director's Interest in Contracts

Refer to Director's Declarations of Interest section on page 4. The Directors have 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 2016.

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 2016

Director	Declarations of Interest
William H Cockerill (appointed 7 June 2016)	Director, Octa Associates Limited Director, Octa Group Limited Director, Impression Holdings Limited Director, Robotic Technologies Limited Director, Southern Cross Engineering Limited Chair, Dunedin Venues Limited
Joanne M Conroy (appointed 7 June 2016)	Chair, South Island Trust Board of St John Trustee, NZ Priory Trust Board of St John Trustee, Queenstown Lakes Community Housing Trust Director, Queenstown Lakes Community Housing Trust Developments Limited Director, Queenstown Housing Bonds Limited Director, Queenstown Lakes Community Housing Trust Property Portfolio Limited Director, Otago Southland Employers Association Director, QDC Services Limited Director, Macron Holdings Limited Director, Dunedin Venues Limited
Graham W Crombie (appointed 2 February 2015)	Chair, Otago Museum Trust Independent Chair, Action Engineering Limited Director, Surf Life Saving NZ Chair, NZ Genomics Limited Director and Shareholder, Innovatio Limited Chair, Dunedin City Treasury Limited Chair, Dunedin City Holdings Limited Director, Dunedin Venues Limited Deputy Commissioner, Southern District Health Board Associate Commissioner, Commerce Commission

Dunedin Venues Limited
Statement of Responsibility
For the Year Ended 30 June 2016

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

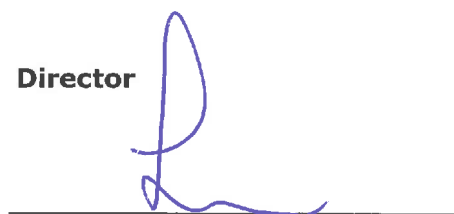
In the opinion of the Board of Dunedin Venues limited, the annual financial statements for the financial year ended 30 June 2016 fairly reflect the financial position and operations of Dunedin Venues Limited.

Director



Date: 15 August 2016

Director



Date: 15 August 2016

Dunedin Venues Limited
Statement of Financial Performance
For the Year Ended 30 June 2016

		2016	2015
	<i>Note</i>	\$'000	\$'000
Revenue			
Operating revenue	3	2,127	4,000
Financial revenue	4	19	21
Total revenue		2,146	4,021
Less expenses			
Operating expenses	5	231	112
Interest expense	6	5,726	8,056
Depreciation	15	7,374	7,781
Total expenditure		13,331	15,949
Loss before taxation and subvention		(11,185)	(11,928)
Subvention receipt		7,292	7,292
Loss before tax		(3,893)	(4,636)
Income tax (expense) credit	7	335	529
Net loss for the year after taxation		(3,558)	(4,107)

Statement of Comprehensive Revenue and Expense
For the Year Ended 30 June 2016

	2016	2015
	\$'000	\$'000
Other comprehensive income		
Interest rate swap hedges gains (losses) during the year	(105)	(885)
Net loss for the year after taxation	(3,558)	(4,107)
Total comprehensive loss for the year after taxation	(3,663)	(4,992)

Statement of Changes in Equity
For the Year Ended 30 June 2016

	2016	2015
	\$'000	\$'000
Movements in equity		
Opening Equity	90,584	63,576
Share Capital Contributions	1,990	32,000
Total comprehensive loss for the year after taxation	(3,663)	(4,992)
Closing Equity	88,911	90,584

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

Dunedin Venues Limited
Statement of Financial Position
As at 30 June 2016

	<i>Note</i>	2016 \$'000	2015 \$'000
Current Assets			
Cash and cash equivalents	9	1,759	3,893
Inter group advances	13	-	262
Trade and other receivables	11	1,009	2,893
Total current assets		2,768	7,048
Non-Current Assets			
Property, plant and equipment	15	185,025	192,652
Total non-current assets		185,025	192,652
Total Assets		187,793	199,700
Current Liabilities			
Trade and other payables	12	1,173	1,960
Inter group advances	13	262	435
Current portion of term borrowings	14	5,275	5,121
Total current liabilities		6,710	7,516
Non-Current Liabilities			
Term Borrowings	14	88,725	98,258
Derivative financial instruments	16	3,447	3,342
Total non-current liabilities		92,172	101,600
Equity			
Share capital	8	113,679	111,689
Cash flow hedge reserve	8	(3,447)	(3,342)
Retained deficits	8	(21,321)	(17,763)
Total Equity		88,911	90,584
Total Liabilities and Equity		187,793	199,700

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 2016

	<i>Note</i>	2016 \$'000	2015 \$'000
Cash flows from Operating Activities			
<i>Cash was provided from</i>			
Receipts from customers		3,794	3,333
Subvention payments		7,834	7,532
Interest received		19	21
Net GST received		49	-
		11,696	10,886
<i>Cash was disbursed to</i>			
Interest paid		6,478	7,984
Payments to suppliers		305	32
Net GST paid		-	10
		6,783	8,026
Net Cash flow from Operating Activities	11	4,913	2,860
Cash flows from Investing Activities			
<i>Cash was disbursed to</i>			
Net purchase of property, plant and equipment		(253)	117
Net Cash flow from Investing Activities		253	(117)
Cash flows from Financing Activities			
<i>Cash was provided from</i>			
Shareholder capital		1,990	32,000
Inter group advances		89	850
		2,079	32,850
<i>Cash was disbursed to</i>			
Repayment of inter group advances		-	246
Repayment of borrowings		9,379	35,207
		9,379	35,453
Net Cash flow from Financing Activities		(7,300)	(2,603)
Net Increase/(Decrease) in Cash and Cash Equivalents		(2,134)	140
Opening Cash and Cash Equivalents		3,893	3,753
Closing Cash and Cash Equivalents		1,759	3,893
Composition of Cash and Cash Equivalents			
Bank Current Account		1,759	399
Deposit - Dunedin City Treasury Ltd		-	3,494
Cash and Cash Equivalents at the end of the year		1,759	3,893

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 2016

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 Dunedin City Holdings Limited.

The financial statements of Dunedin Venues Limited are for the year ended 30 June 2016.

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 Tier 1 PBE accounting standards.

The financial statements were authorised for issue by the Directors on 15 August 2016.

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.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2016 and the comparative information 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.

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.

Dunedin Venues Limited
Notes to the Financial Statements
For the Year Ended 30 June 2016

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.

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.

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.

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.

Dunedin Venues Limited
Notes to the Financial Statements
For the Year Ended 30 June 2016

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 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.

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.

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.

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.

Dunedin Venues Limited
Notes to the Financial Statements
For the Year Ended 30 June 2016

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 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.

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.

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.

Dunedin Venues Limited
Notes to the Financial Statements
For the Year Ended 30 June 2016

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 2016.

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.

3 OPERATING REVENUE

	2016	2015
	\$'000	\$'000
Rentals and costs from Dunedin Venues Management Ltd	2,127	4,000
	<u>2,127</u>	<u>4,000</u>

4 FINANCIAL REVENUE

	2016	2015
	\$'000	\$'000
Interest received from funds on deposit	19	21
	<u>19</u>	<u>21</u>

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

5 OPERATING EXPENSES

	2016	2015
	\$'000	\$'000
Audit fees - for audit of financial statements	15	14
Directors remuneration	-	-
Other expenses	216	98
Total operating expenses	<u>231</u>	<u>112</u>

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

6 INTEREST EXPENSE

	2016	2015
	\$'000	\$'000
Interest to Dunedin City Treasury Ltd	5,726	8,056
Total financial expenses	<u>5,726</u>	<u>8,056</u>

Dunedin Venues Limited
Notes to the Financial Statements
For the Year Ended 30 June 2016

7 INCOME TAXES

	2016	2015
	\$'000	\$'000
Income Tax Recognised in Comprehensive Income		
Loss for the year before income tax	(3,893)	(4,636)
Income tax expense (credit) calculated at 28% (2015: 28%)	(1,090)	(1,298)
<i>Tax effect of following adjustments</i>		
Non-deductible building depreciation	762	762
Adjustment to previous years taxation provision	(7)	7
Income tax expense (credit)	<u>(335)</u>	<u>(529)</u>
Effective tax rate	0%	0%
Comprising:		
Current tax provision	(335)	(529)
Deferred tax provision	-	-
Income tax	<u>(335)</u>	<u>(529)</u>

A deferred tax asset has not been recognised in relation to temporary differences of \$3,446,000 (2015: \$3,342,000).

The tax losses of the company for 2015 were transferred to Aurora Energy Ltd and Delta Utility Services Ltd by subvention payment of \$7,834,000 and loss offset of \$1,392,000.

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

8 EQUITY - Share Capital

	2016	2015
	\$'000	\$'000
Issued Capital		
113,678,911 fully paid ordinary shares (2015: 111,688,931)	<u>113,679</u>	<u>111,689</u>

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

245,000,000 shares have been issued \$1 per share. At 30 June 2016 113,678,911 (2015: 111,689,911) 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.

On 30 June 2016, Dunedin Venues Limited called on a further capital of \$1,990,000 from Dunedin City Holdings Limited.

As at 30 June 2016 the company has uncalled capital of \$131,321,089 (2015: \$133,311,089)

EQUITY - Reserves	2016	2015
	\$'000	\$'000
Opening Balance	(3,342)	(2,457)
Interest rate swap hedges gains (losses) during the year	(105)	(885)
	<u>(3,447)</u>	<u>(3,342)</u>

Dunedin Venues Limited
Notes to the Financial Statements
For the Year Ended 30 June 2016

EQUITY - Retained Deficits	2016 \$'000	2015 \$'000
Opening Balance	(17,763)	(13,656)
Net loss for the year after taxation	(3,558)	(4,107)
	<u>(21,321)</u>	<u>(17,763)</u>

9 CASH AND CASH EQUIVALENTS	2016 \$'000	2015 \$'000
Bank current account	1,759	399
Deposit - Dunedin City Treasury Ltd	-	3,494
	<u>1,759</u>	<u>3,893</u>

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

10 RECONCILIATION OF NET LOSS FOR THE YEAR TO CASHFLOWS FROM OPERATING ACTIVITIES	2016 \$'000	2015 \$'000
Net loss for the year after taxation	(3,558)	(4,107)
<i>Items Not Involving Cash flows</i>		
Depreciation	7,374	7,781
<i>Impact of Changes in Working Capital Items</i>		
(Increase) /Decrease in rent receivable	1,667	(667)
(Increase) /Decrease in subvention payment receivable	207	(289)
Increase / (Decrease) in GST payable	49	(10)
Increase / (Decrease) in trade and other payables	(74)	80
Increase / (Decrease) in interest accrued	(752)	72
Net Cash flow from Operating Activities	<u>4,913</u>	<u>2,860</u>

11 TRADE AND OTHER RECEIVABLES	2016 \$'000	2015 \$'000
Rent receivable	-	1,667
Subvention payment receivable	1,009	1,216
GST Receivable	-	10
	<u>1,009</u>	<u>2,893</u>
Total receivables comprise:		
Receivables from non-exchange transactions	-	-
Receivables from exchange transactions	1,009	2,893
	<u>1,009</u>	<u>2,893</u>

Dunedin Venues Limited
Notes to the Financial Statements
For the Year Ended 30 June 2016

12 TRADE AND OTHER PAYABLES

	2016	2015
	\$'000	\$'000
Trade creditors and accrued expenses	21	95
Interest accrued	1,113	1,865
GST Payable	39	-
	<u>1,173</u>	<u>1,960</u>

13 INTERGROUP ADVANCES

	2016	2015
	\$'000	\$'000
Advances received from:		
Aurora Energy Limited	85	399
Delta Utility Services Limited	-	36
Dunedin Venues Management Limited	177	-
	<u>262</u>	<u>435</u>
Advances made to:		
Dunedin Venues Management Limited	-	262
	<u>-</u>	<u>262</u>

14 TERM BORROWINGS (secured)

	2016	2015
	\$'000	\$'000
Dunedin City Treasury Ltd		
Loan Balance	94,000	103,379
	<u>94,000</u>	<u>103,379</u>
The repayment period on the borrowings is as follows:		
Less than one year (current portion)	5,275	5,121
Repayable between one to two years	5,511	5,275
Repayable between two to five years	18,112	17,305
Repayable later than five years	65,102	75,678
	<u>94,000</u>	<u>103,379</u>

Term borrowings are planned to be repaid over 19 ½ years from 2012 to 2031, following further equity funding contributions 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 5.73% (2015: 5.92%).

Dunedin Venues Limited
Notes to the Financial Statements
For the Year Ended 30 June 2016

15 PROPERTY, PLANT AND EQUIPMENT

2016	Land	Buildings	Fit out	Pitch Construction	External Site Works	Fixtures Fittings & Equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost or Valuation							
Balance at beginning of year	28,526	126,465	46,956	2,415	7,203	12,991	224,556
Additions	-	-	-	-	-	894	894
Disposals	-	-	(15)	-	(32)	(1,808)	(1,855)
Balance at end of year	28,526	126,465	46,941	2,415	7,171	12,077	223,595
Accumulated depreciation							
Balance at beginning of year	-	9,906	14,547	1,156	924	5,371	31,904
Depreciation	-	2,529	3,431	258	229	927	7,374
Disposals	-	-	(1)	-	(21)	(686)	(708)
	-	12,435	17,977	1,414	1,132	5,612	38,570
Balance at end of year	28,526	114,030	28,964	1,001	6,039	6,465	185,025
2015	Land	Buildings	Fit out	Pitch Construction	External Site 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

16 DERIVATIVE FINANCIAL INSTRUMENTS

	2016	2015
	\$'000	\$'000
Fair Value		
Interest rate swaps	3,447	3,342
Analysed as:		
Current	-	-
Non-current	3,447	3,342
	3,447	3,342

Dunedin Venues Limited
Notes to the Financial Statements
For the Year Ended 30 June 2016

17 CAPITAL EXPENDITURE COMMITMENTS AND OPERATING LEASES

The Company had no capital expenditure commitments at year end (2015: \$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. A variation of lease came into effect on 1 July 2015 with the rental being \$2,000,000 per annum (2015 \$4,000,000).

	2016	2015
	\$'000	\$'000
Receivable within one year	2,000	4,000
Receivable between one to five years	8,000	16,000
Receivable later than five years	20,167	44,333
	<u>30,167</u>	<u>64,333</u>

18 CONTINGENT LIABILITIES

There were no contingent liabilities at year end (2015: \$nil).

19 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 \$131,321,089 and the Company's ability to make calls on this uncalled capital will enable the Company to manage the capital risk.

b) Categories of Financial Instruments

	2016	2015
	\$'000	\$'000
Financial Assets		
Bank current account	1,759	399
Deposit - Dunedin City Treasury Ltd	-	3,494
Rent receivable	-	1,667
Subvention payment receivable	1,009	1,216
Dunedin Venues Management Limited	-	262
Financial Liabilities		
Creditors and accrued expenses	21	95
Interest accrued	1,113	1,865
Aurora Energy Limited	85	399
Delta Utility Services Limited	-	36
Dunedin Venues Management Limited	177	-
Borrowings (current and non-current)	94,000	103,379
Derivative financial instruments	3,447	3,342

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 Venues Limited
Notes to the Financial Statements
For the Year Ended 30 June 2016

20 RELATED PARTY TRANSACTIONS

The Company is a wholly-owned subsidiary of Dunedin City Holdings Limited.

Transactions with the Dunedin City Council

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

	2016	2015
	\$'000	\$'000
Financial Services	1	5
	<u>1</u>	<u>5</u>
<i>As at balance date:</i>		
Payable to Dunedin City Council	-	3
	<u>-</u>	<u>3</u>

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:

	2016	2015
	\$'000	\$'000
Dunedin City Treasury Limited		
Interest paid	5,726	8,056
Other expenses	-	-
Interest received	16	21
	<u>5,742</u>	<u>8,077</u>
<i>As at balance date:</i>		
Payable to Dunedin City Treasury Ltd:		
Loan – refer Note 14	94,000	103,379
Interest accrued	1,113	1,865
	<u>95,113</u>	<u>105,244</u>
Receivable from Dunedin City Treasury Ltd:		
Deposit	-	3,494
	<u>-</u>	<u>3,494</u>

Dunedin Venues Management Limited

Advance paid	85	178
Rent received	2,127	4,000
Management Fee	(70)	(70)
	<u>2,142</u>	<u>4,108</u>
<i>As at balance date:</i>		
Receivable from Dunedin Venues Management Limited:		
Advance – refer Note 13	-	262
Rent due	-	1,667
	<u>-</u>	<u>1,929</u>
Payable to Dunedin Venues Management Limited:		
Advance – refer Note 13	177	
Management Fee	-	70
	<u>177</u>	<u>70</u>

Dunedin Venues Limited
Notes to the Financial Statements
For the Year Ended 30 June 2016

	2016	2015
	\$'000	\$'000
Aurora Energy Limited		
Subvention payment received	7,292	7,292
Advanced received/(paid)	(314)	390
	<u>6,978</u>	<u>7,682</u>
<i>As at balance date</i>		
Receivable from Aurora Energy Limited:		
Subvention payment receivable	1,009	1,216
	<u>1,009</u>	<u>1,216</u>
Payable to Aurora Energy Limited:		
Advance - refer note 13	85	399
	<u>85</u>	<u>399</u>
Delta Utility Services Limited		
Subvention payment received	-	-
Advanced received/(paid)	(36)	36
	<u>(36)</u>	<u>36</u>
<i>As at balance date</i>		
Payable to Delta Utility Services Limited:		
Advance - refer note 13	-	36
	<u>-</u>	<u>36</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.

21 GOING CONCERN

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

The Company has recorded a net loss after taxation of \$3,558,000 and a net working capital deficit of (\$3,941,942) at 30 June 2016. The 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 \$131,321,089 available to the Company. Under current contractual arrangements the uncalled capital can be drawn by the Company on demand as and when required.

22 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 2016

Performance Targets

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

Strive to meet all financial targets. The financial targets are:

	\$'000
EBITDA	1,968
Net loss	(5,090)
Operating cash flow	1,968
Capital expenditure	238
Term debt	98,371
Shareholder funds	86,808

Keep the shareholder fully informed of the actual implementation and delivery of the organisation's Asset Management Plan.

Achievements

There are no matters of substance to report to the shareholder.

All but one financial targets are met. The actual results are:

	\$'000
EBITDA	1,915
Net loss	(3,558)
Operating cash flow	4,913
Capital expenditure	-
Term debt	94,000
Shareholder funds	88,911

The contractor attended the Dunedin Venues Limited board meetings and updated the shareholder on the status of the Asset Management Plan.

Independent Auditor's Report

To the readers of Dunedin Venues Limited's financial statements and performance information for the year ended 30 June 2016

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

Opinion

We have audited:

- the financial statements of the company on pages 6 to 20, that comprise the statement of financial position as at 30 June 2016, the statement of financial performance, the statement of other 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 21.

In our opinion:

- the financial statements of the company:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2016; 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 Standards Reduced Disclosure Regime.
- the performance information of the company presents fairly, in all material respects, the company's actual performance compared against the performance targets and other measures by which performance was judged in relation to the company's objectives, for the year ended 30 June 2016.

Our audit was completed on 15 August 2016. 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 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 the 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 appropriateness of the reported performance information within the company's framework for reporting performance;
- the adequacy of the disclosures in the financial statements and 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' responsibilities arise from the Local Government Act 2002.

The Board of Directors is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements and the 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 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.



Scott Tobin
Audit New Zealand
On behalf of the Auditor-General
Dunedin, New Zealand