

Dunedin Venues Limited
Financial Statements
For the six months ended
31 December 2015

Dunedin Venues Limited
Contents
For the six months ended 31 December 2015

Directory	1
Directors' Report	2
Statement of Comprehensive Revenue and Expense	3
Statement of Other Comprehensive Revenue and Expense	4
Statement of Financial Position	5
Statement of Cash Flows	6
Notes to the Financial Statements	7

**Dunedin Venues Limited
Directory
As at 31 December 2015**

DIRECTORS

- Graham W Crombie
- Keith T Cooper
- Kathleen E Grant
- Linda M Robertson
- Brian J Wood

REGISTERED OFFICE

- Dunedin City Council
50 The Octagon
Dunedin 9016

BANKERS

- ANZ Bank New Zealand Limited
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
Directors' Report
For the six months ended 31 December 2015

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

The financial statements are prepared in accordance with generally accepted accounting practice (NZGAAP) and Public Benefit Entity Accounting Standards as they apply to interim financial reporting (PBE IAS 34) for Tier 2 entities.

Accounting policies used in preparing these interim financial statements have been selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

These interim financial statements should be read in conjunction with the company's annual report for the year ended 30 June 2015.

Overview of Results	6 months to 31.12.15 (unaudited) \$'000	6 months to 31.12.14 (unaudited) \$'000	Year Ended 30.06.15 (audited) \$'000
Total revenue	1,144	2,023	4,021
Loss before taxation and subvention	(5,683)	(6,219)	(11,928)
Net Cash flow from Operating Activities	(620)	(1,165)	2,860
Total Assets	192,888	200,803	199,700

Financial Results

Dunedin Venues Limited owns and manages the asset of Forsyth Barr Stadium.

The company recorded a loss before taxation and subvention payments for the six months ended 31 December 2015 of \$5.683 million or \$536k better than the same period last year.

The current years result has been impacted by the introduction of recommendations from the Stadium Review Report including:

- * Property rental has been decreased from \$4.0 million per annum to \$2.0 million per annum.
- * Interest expense has decreased in part due to \$30.0 million debt transferred to Dunedin City Council effective 30 June 2015.

The year to date result has also been affected by lower than expected interest rates on term borrowings.

Ownership of Dunedin Venues Limited was to be transferred from Dunedin City Council to Dunedin City Holdings Limited effective 1 July 2015. This transfer is yet to be formally completed pending final approval from the group debenture holders. In the interim no calls on unpaid shares have been made by the company.

Outlook

Following the implementation of the recommendations of the Stadium Review Report the operation of Forsyth Barr Stadium for both the landlord and tenant should be financially sustainable going forward.

These financial statements were authorised for issue by the Directors on 4 February 2016.
For and on behalf of the Board

Chair



Director



12 February 2016

12 February 2016

Dunedin Venues Limited
Statement of Comprehensive Revenue and Expense
For the six months ended 31 December 2015

	<i>Note</i>	6 months to 31.12.15 (unaudited) \$'000	6 months to 31.12.14 (unaudited) \$'000	Year Ended 30.06.15 (audited) \$'000
Revenue				
Operating revenue	3	1,127	2,000	4,000
Financial revenue	4	17	23	21
Total revenue		<u>1,144</u>	<u>2,023</u>	<u>4,021</u>
Less expenses				
Operating expenses		169	16	112
Interest expense	5	2,935	4,238	8,056
Depreciation	10	3,723	3,988	7,781
Total expenses		<u>6,827</u>	<u>8,242</u>	<u>15,949</u>
Loss before taxation and subvention		<u>(5,683)</u>	<u>(6,219)</u>	<u>(11,928)</u>
Subvention receipt	6	681	681	7,292
Net loss before taxation		<u>(5,002)</u>	<u>(5,538)</u>	<u>(4,636)</u>
Income tax (expense) credit	7	1,020	1,170	529
Net loss after taxation		<u>(3,982)</u>	<u>(4,368)</u>	<u>(4,107)</u>

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

Dunedin Venues Limited
Statement of Other Comprehensive Revenue and Expense
For the six months ended 31 December 2015

		6 months to 31.12.15 (unaudited) \$'000	6 months to 31.12.14 (unaudited) \$'000	Year Ended 30.06.15 (audited) \$'000
Other comprehensive revenue	<i>Note</i>			
Interest rate swap hedges gains (losses) during the year	16	436	(922)	(885)
Total other comprehensive revenue		<u>436</u>	<u>(922)</u>	<u>(885)</u>
Net loss after taxation		(3,982)	(4,368)	(4,107)
Total comprehensive loss after taxation		<u>(3,546)</u>	<u>(5,290)</u>	<u>(4,992)</u>

Statement of Changes in Equity
For the six months ended 31 December 2015

Movements in equity

Opening Equity	90,584	63,576	63,576
Share Capital Contributions	-	1,000	32,000
Total comprehensive loss after taxation	(3,546)	(5,290)	(4,992)
Closing Equity	<u>87,038</u>	<u>59,286</u>	<u>90,584</u>

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

Dunedin Venues Limited
Statement of Financial Position
As at 31 December 2015

	<i>Note</i>	31.12.15 (unaudited) \$'000	31.12.14 (unaudited) \$'000	30.06.15 (audited) \$'000
Current Assets				
Cash and cash equivalents		1,198	1,190	3,893
Inter group advances	8	458	400	262
Trade and other receivables	9	1,003	1,333	2,357
Current Taxation Asset		1,556	1,418	536
Total current assets		4,215	4,341	7,048
Non-Current Assets				
Property, plant and equipment	10	188,673	196,462	192,652
Total non-current assets		188,673	196,462	192,652
Total Assets		192,888	200,803	199,700
Current Liabilities				
Trade and other payables	11	1,266	1,941	1,960
Inter group advances	12	564	181	435
Short term borrowings		302	-	-
Current portion of term borrowings	13	5,163	5,345	5,121
Derivative financial instruments	14	577	-	-
Total current liabilities		7,872	7,467	7,516
Non-Current Liabilities				
Term Borrowings	13	95,649	130,671	98,258
Derivative financial instruments	14	2,329	3,379	3,342
Total non-current liabilities		97,978	134,050	101,600
Equity				
Share capital	15	111,689	80,689	111,689
Cash flow hedge reserves	16	(2,906)	(3,379)	(3,342)
Retained deficits	17	(21,745)	(18,024)	(17,763)
Total Equity		87,038	59,286	90,584
Total Liabilities and Equity		192,888	200,803	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 six months ended 31 December 2015

		6 months to 31.12.15 (unaudited) \$'000	6 months to 31.12.14 (unaudited) \$'000	Year Ended 30.06.15 (audited) \$'000
	<i>Note</i>			
Cash flows from Operating Activities				
<i>Cash was provided from</i>				
Receipts from customers		1,794	1,667	3,333
Subvention receipts		1,361	1,361	7,293
Interest received		17	15	21
Income tax received		-	-	239
		3,172	3,043	10,886
<i>Cash was disbursed to</i>				
Interest paid		3,571	4,208	7,984
Payments to suppliers		219	-	32
Net GST Paid		2	-	10
		3,792	4,208	8,026
Net Cash flow from Operating Activities	18			
		(620)	(1,165)	2,860
Cash flows from Investing Activities				
<i>Cash was disbursed to</i>				
Purchase of property, plant and equipment		-	-	117
Net Cash flow from Investing Activities		-	-	(117)
Cash flows from Financing Activities				
<i>Cash was provided from</i>				
Shareholder capital		-	1,000	32,000
Inter group advances		190	172	850
		190	1,172	32,850
<i>Cash was disbursed to</i>				
Repayment of inter group advances		-	-	246
Repayment of borrowings		2,265	2,570	35,207
		2,265	2,570	35,453
Net Cash flow from Financing Activities				
		(2,075)	(1,398)	(2,603)
Net Increase/(Decrease) in Cash and Cash Equivalents		(2,695)	(2,563)	140
Opening Cash and Cash Equivalents		3,893	3,753	3,753
Closing Cash and Cash Equivalents		1,198	1,190	3,893
Composition of Cash and Cash Equivalents				
Bank Current Account		1,198	1,190	399
Deposit - Dunedin City Treasury Ltd		-	-	3,494
Total Cash and Cash Equivalents				
		1,198	1,190	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 six months ended 31 December 2015

1 REPORTING ENTITY

Dunedin Venues Limited (the Company) is a Council Controlled Organisation as defined in the Local Government Act 2002. The Company was incorporated in New Zealand under the Companies Act 1993, and is ultimately owned by the Dunedin City Council.

The unaudited financial statements of Dunedin Venues Limited are for the six months ended 31 December 2015.

The presentation of these interim financial statements fulfils the half-yearly reporting requirements of the Local Government Act 2002.

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.

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.

The financial statements are prepared in accordance with generally accepted accounting practice (NZGAAP) and Public Benefit Entity Accounting Standards as they apply to interim financial reporting (PBE IAS 34) for Tier 2 entities.

Accounting policies used in preparing these interim financial statements have been selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

These interim financial statements should be read in conjunction with the company's annual report for the year ended 30 June 2015.

2 SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

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

Borrowing costs

Borrowing costs are recognised in the statement of financial performance in the period in which they are incurred.

Property, Plant and Equipment

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 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

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.

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.

Taxation

The tax currently receivable is based on taxable loss for the period. Taxable loss differs from net loss as reported in the statement of financial performance because it excludes items of income or expense that are taxable or deductible in future periods and it further excludes items that are never taxable or deductible.

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 future periods.

Changes in Accounting Policies

Subvention receipts are now recognised as revenue when the subvention is received. In previous financial periods subvention receipts were accrued based on half yearly expectations. The impact of the change in the six months to 31 December 2015 is to decrease subvention receipts by \$2,965,000. Subvention receipts for the six months to 31 December 2014 have been restated to reflect the change in accounting policy. The impact of the restatement is to decrease subvention receipt income by \$2,965,000.

There has been no other changes in accounting policies. Policies for the current period and comparative periods have been applied on a consistent basis.

Dunedin Venues Limited
Notes to the Financial Statements
For the six months ended 31 December 2015

	6 months to 31.12.15 (unaudited) \$'000	6 months to 31.12.14 (unaudited) \$'000	Year Ended 30.06.15 (audited) \$'000
3 OPERATING REVENUE			
<u>Dunedin Venues Management Limited</u>			
Property Rental	1,000	2,000	4,000
Operating Expense Recoveries	127	-	-
	<u>1,127</u>	<u>2,000</u>	<u>4,000</u>
4 FINANCIAL REVENUE			
Interest received from funds on deposit	17	23	21
	<u>17</u>	<u>23</u>	<u>21</u>
5 INTEREST EXPENSE			
Interest to Dunedin City Treasury Ltd	2,935	4,238	8,056
	<u>2,935</u>	<u>4,238</u>	<u>8,056</u>
6 Subvention Receipt			
Subvention receipts from non-exchange transactions	681	681	7,292
Subvention receipts from exchange transactions	-	-	-
	<u>681</u>	<u>681</u>	<u>7,292</u>
7 INCOME TAXES			
Income Tax Recognised in Comprehensive Income			
Net loss before taxation	(5,002)	(5,538)	(4,636)
Income tax expense (credit) calculated at 28%	(1,401)	(1,551)	(1,298)
<i>Tax effect of following adjustments</i>			
Non-deductible building depreciation	381	381	762
Adjustment to previous years taxation provision	-	-	7
Income tax expense (credit)	<u>(1,020)</u>	<u>(1,170)</u>	<u>(529)</u>
Effective tax rate	0%	0%	0%
Comprising			
Current tax provision	(1,020)	(1,170)	(529)
Deferred tax provision	-	-	-
Income tax	<u>(1,020)</u>	<u>(1,170)</u>	<u>(529)</u>

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

Dunedin Venues Limited
Notes to the Financial Statements
For the six months ended 31 December 2015

	6 months to 31.12.15 (unaudited) \$'000	6 months to 31.12.14 (unaudited) \$'000	Year Ended 30.06.15 (audited) \$'000
8 INTERGROUP ADVANCES			
Owed by Dunedin Venues Management Limited	458	400	262
	<u>458</u>	<u>400</u>	<u>262</u>
9 TRADE AND OTHER RECEIVABLES			
Property Rental Outstanding	1,000	1,333	1,667
Subvention Payment Receivable	-	-	680
GST Refund	3	-	10
	<u>1,003</u>	<u>1,333</u>	<u>2,357</u>

Dunedin Venues Limited
Notes to the Financial Statements
For the six months ended 31 December 2015

10 PROPERTY, PLANT AND EQUIPMENT

31 December 2015

	Land	Buildings	Fit-out	Site Works & Pitch	Fixtures Fittings & Equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost or Valuation						
Balance at beginning of period	28,526	126,465	46,956	9,618	12,991	224,556
Additions	-	-	-	-	893	893
Disposals	-	-	(12)	(10)	(1,127)	(1,149)
Balance at end of period	28,526	126,465	46,944	9,608	12,757	224,300
ACCUMULATED DEPRECIATION						
Balance at beginning of period	-	9,906	14,547	2,080	5,371	31,904
Depreciation Charge	-	1,265	1,722	244	492	3,723
Balance at end of period	-	11,171	16,269	2,324	5,863	35,627
Book Value at end of period	28,526	115,294	30,675	7,284	6,894	188,673

31 December 2014

	Land	Buildings	Fit-out	Site Works & Pitch	Fixtures Fittings & Equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost or Valuation						
Balance at beginning of period	28,526	126,465	47,029	9,618	12,918	224,556
Additions	-	-	9	-	8	17
Disposals	-	-	-	-	-	-
Balance at end of period	28,526	126,465	47,038	9,618	12,926	224,573
ACCUMULATED DEPRECIATION						
Balance at beginning of period	-	7,377	10,976	1,587	4,183	24,123
Depreciation Charge	-	1,265	1,824	246	653	3,988
Balance at end of period	-	8,642	12,800	1,833	4,836	28,111
Book Value at end of period	28,526	117,823	34,238	7,785	8,090	196,462

30 June 2015

	Land	Buildings	Fit-out	Site Works & Pitch	Fixtures Fittings & Equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost or Valuation						
Balance at beginning of period	28,526	126,465	47,029	9,618	12,918	224,556
Additions	-	-	44	-	73	117
Disposals	-	-	(117)	-	-	(117)
Balance at end of period	28,526	126,465	46,956	9,618	12,991	224,556
ACCUMULATED DEPRECIATION						
Balance at beginning of period	-	7,377	10,976	1,587	4,183	24,123
Depreciation Charge	-	2,529	3,571	493	1,188	7,781
Balance at end of period	-	9,906	14,547	2,080	5,371	31,904
Book Value at end of period	28,526	116,559	32,409	7,538	7,620	192,652

Dunedin Venues Limited
Notes to the Financial Statements
For the six months ended 31 December 2015

	6 months to 31.12.15 (unaudited) \$'000	6 months to 31.12.14 (unaudited) \$'000	Year Ended 30.06.15 (audited) \$'000
11 TRADE AND OTHER PAYABLES			
Trade Payables	4	-	-
Accrued Expenses	37	127	95
Interest Accrued	1,225	1,814	1,865
	<u>1,266</u>	<u>1,941</u>	<u>1,960</u>

12 INTERGROUP ADVANCES

Owed to Aurora Energy Limited	458	163	399
Owed to Delta Utilities Limited	106	18	36
	<u>564</u>	<u>181</u>	<u>435</u>

13 TERM BORROWINGS (secured)

Dunedin City Treasury Ltd

Current Portion	5,163	5,345	5,121
Non Current Portion	95,649	130,671	98,258
	<u>100,812</u>	<u>136,016</u>	<u>103,379</u>

The repayment period on the borrowings is as follows:

Less than one year (current portion)	5,163	5,345	5,121
Repayable between one to two years	5,391	5,634	5,275
Repayable between two to five years	17,702	18,838	17,305
Repayable later than five years	72,556	106,199	75,678
	<u>100,812</u>	<u>136,016</u>	<u>103,379</u>

The Company has a debt facility of \$103,512,332 including \$2,700,000 short term.

The first tranche balance is \$21,600,379 is repayable over 10 years from 2012 to 2021.

The second tranche balance is \$79,211,953 and is planned to be repaid over 19 ½ years from 2012 to 2031.

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 5.8% (2014: 6.2%)

Dunedin Venues Limited
Notes to the Financial Statements
For the six months ended 31 December 2015

	6 months to 31.12.15 (unaudited) \$'000	6 months to 31.12.14 (unaudited) \$'000	Year Ended 30.06.15 (audited) \$'000
14 DERIVATIVE FINANCIAL INSTRUMENTS			
Fair Value			
Interest rate swaps	<u>2,906</u>	<u>3,379</u>	<u>3,342</u>
Analysed as:			
Current	577	-	-
Non-current	2,329	3,379	3,342
	<u>2,906</u>	<u>3,379</u>	<u>3,342</u>
15 EQUITY - Share Capital			
Issued Capital			
111,688,911 fully paid ordinary shares	<u>111,689</u>	<u>80,689</u>	<u>111,689</u>
245,000,000 shares have been issued at \$1 per share, of which 111,688,911 are 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.			
No calls have been made in the current year.			
16 EQUITY - Cash Flow Hedge Reserves			
Opening Balance	(3,342)	(2,457)	(2,457)
Interest rate swap hedges gains (losses) during the year	436	(922)	(885)
Closing Balance	<u>(2,906)</u>	<u>(3,379)</u>	<u>(3,342)</u>
17 EQUITY - Retained Deficits			
Opening Balance	(17,763)	(13,656)	(13,656)
Net loss after taxation	(3,982)	(4,368)	(4,107)
Closing Balance	<u>(21,745)</u>	<u>(18,024)</u>	<u>(17,763)</u>

Dunedin Venues Limited
Notes to the Financial Statements
For the six months ended 31 December 2015

	6 months to 31.12.15 (unaudited) \$'000	6 months to 31.12.14 (unaudited) \$'000	Year Ended 30.06.15 (audited) \$'000
18 RECONCILIATION OF NET LOSS FOR THE YEAR TO DATE TO CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss after taxation	(3,982)	(4,368)	(4,107)
<i>Items not involving cash flows</i>			
Depreciation	3,723	3,988	7,781
Other	(1)	23	-
<i>Impact of changes in working capital items</i>			
(Increase)/Decrease in current taxation asset	(1,020)	(1,172)	(290)
(Increase)/Decrease in subvention due	-	-	-
(Increase)/Decrease in trade and other receivables	1,354	348	(676)
Increase/(Decrease) in trade and other payables	(694)	16	152
Net Cash flow from Operating Activities	<u>(620)</u>	<u>(1,165)</u>	<u>2,860</u>