

Dunedin Venues Management Limited

Annual Report

2015

Dunedin Venues Management Limited
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For the Year Ended 30 June 2015

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Dunedin Venues Management Limited
Directory
For the Year Ended 30 June 2015

DIRECTORS

- | | |
|---------------------|-------------------------------------|
| • Raywyn J Lovett | Appointed 1 January 2015 |
| • Alan McConnon | Appointed 1 January 2015 |
| • Peter J Hutchison | |
| • Peter G Stubbs | |
| | |
| • Sir John W Hansen | Resigned effective 28 February 2015 |
| • Peter J Brown | Resigned effective 31 December 2014 |
| • Jennifer H Rolfe | Resigned effective 31 December 2014 |

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)

Chairperson's and Chief Executive's Report

The 2014/15 financial year saw the Company delivering a net surplus before Stadium rental, subvention receipts and taxation of \$2.3 million compared to \$2.7 million in the previous year. Whilst this may initially look like a negative downturn in the Company's performance the decrease was expected given that the previous year contained two All Blacks test matches compared to none in the current year. Eliminating the impact of not having a rugby test match, the Company actually had an increase in financial performance compared to the previous year, reflecting not only an increase in non-rugby related events at Forsyth Barr Stadium but also an increase in room hire at the Dunedin Centre.

The Dunedin Centre is firmly back on the radar of conference organisers with a significant rise in forward bookings with more targeted and aggressive selling and promotion of the venue. There has been a constant flow of business events in addition to the concerts performed. Forsyth Barr Stadium hosted three of Australasia's most influential Promoters during the Rod Stewart concert in April 2015. Their positive feedback and enthusiasm for the venue as well as the city is encouraging for future concerts for Dunedin and DVML. Relationships with Promoters under Terry Davies' leadership has greatly improved and the future potential concerts are a reflection of this. The contestable community funding has also opened up all venues to the wider community increasing usage and awareness.

Our venues hosted a total of 391 events attended by 358,789 people – almost three times the population of Dunedin City. Major events at Forsyth Barr Stadium contributed in excess of \$20m of direct economic benefit to the city of Dunedin in the last 12 months.

Financial Performance

The table below shows the movement in the profit before rent, subvention receipt and taxation over the last four years and shows a consistent financial performance over the last three years:

2011/12 \$'000	2012/13 \$'000	2013/14 \$'000	2014/15 \$'000
(302)	2,459	2,713	2,298

The release of the All Blacks home schedule for the next two seasons bringing a return of test match rugby to Dunedin in both 2016 and 2017, along with three concerts being announced for the 2015/16 financial year, and expected on-going growth at the Dunedin Centre, has resulted in a healthy projected increase in surplus for the 2015/16 year.

The on-going efforts by management to continuously grow the product offering to both our Members and the Dunedin public bodes well to the financial future of the Company.

During the year the Dunedin City Council formally adopted the recommendation of the Stadium Review. The adoption of these recommendations provides financial stability for the Company through:

- Confirming the financial contracts in place between the Company and Council,
- Ensuring provision of funding for ongoing capital maintenance, and
- Reducing the annual rent payable from \$4 million to \$2 million.

Events

In the 12 months to 30 June 2015, Dunedin Venues hosted 358,789 people at 391 events. Many events attracted audiences beyond the city with at least 60% of attendees at major events visiting from outside of Dunedin.

Summary of Events 2014/15

Forsyth Barr Stadium

	Number of Events	Total Attendance
Community	103	39,843
Events	14	65,154
Sports	33	176,515
Total	150	281,512

Dunedin Centre

	Number of Events	Total Attendance
Community/Other	91	34,974
Concert	40	32,664
Conference	14	4,444
Meeting	96	5,195
Total	241	77,277

Rugby

Forsyth Barr Stadium once again hosted the final of Dunedin's Rugby Premier competition this year contested by Taieri and University with University taking out the trophy.

Forsyth Barr Stadium did not host an All Black Test in this financial year, however this was combated slightly with The Highlanders success and a semi-final under the roof versus The Chiefs. It is hoped The Highlanders success this year will encourage increased attendance numbers for next year.

The Otago ITM Cup team secured wins against North Harbour, Southland and Waikato in the 2014 season, only narrowly missing out on a semi-final spot! Apart from the couple of forgettable shield challenges, the team showed a lot of promise and they are building on last year's season to come back bigger and better for 2015.

Other Sports

Sydney FC met English Premier League side Newcastle United in an exhibition match in July 2014. The numbers attending were disappointing given the calibre of football on display. The first Rugby League Test in Dunedin in 86 years was held under the roof in November 2014 with The Kiwis beating England. Forsyth Barr Stadium hosted seven matches during the FIFA U20 World Cup with approximately 24,000 attendees and an international television audience of millions.

Concerts

The Dunedin Centre hosted an incredible line-up throughout the year including Lorde, Broods, Jimmy Barnes and Sol3 Mio. The Otago University Students Association hosted many Orientation week events at Forsyth Barr Stadium, featuring Empire of the Sun and filming once again of the national TV show 7 Days Live in the Mitre 10 Mega stand. Rod Stewart attracted a crowd of 22,052 and created an additional spend in the city of \$7.2m.

Entertainment Events

OUSA once again presented the Dunedin Craft Beer and Food Festival and this event is now an annual feature on Dunedin's event calendar. Nitro Circus entertained the crowds in February 2015 with their stunts and acrobatics. Forsyth Barr Stadium once again hosted a 'Movie Magic' event with the community voting on which movie would be screened and over 1000 locals attended.

Community

The annual allocation of \$750,000 for community events funding had its first contestable round in March and April this year for events occurring between 1 June 2015 and 31 December 2015. The first round of funding totalled \$269,343.34 and was allocated as follows:

Group/Organisation	Amount
Athletics Training Squad	\$8,140
Southern Skating	\$13,867
Football South	\$67,070
ORFU	\$33,470
Otago Rugby League Inc	\$14,632
Sport Otago - FMS Challenge	\$5,615
Heart Kids Otago - Heartstopper Challenge	\$6,497
Dunedin Collaboration Against Family Violence - Celebrating Father's Day	\$5,917
Peacing Together - Peace Party	\$5,817
Acts of Kindness Charitable Trust - Light Party	\$27,743
Carisbrook School Production	\$13,917
St Clair Kindergarten picnic	\$6,476
Christmas at the Stadium Trust	\$60,183

The funding has now been extended to encompass events held at the Dunedin Centre venues with slightly different criteria more suited to the style of venue hirers who would utilise this funding. The response in general has been very positive with an ODT Story highlighting the 'free use' of the Dunedin Town Hall for the Otago Secondary Schools Music Festival.

Facilities Management

Forsyth Barr Stadium and the Dunedin Centre have been maintained efficiently by a team of staff and external contractors ensuring cost effective maintenance, repairs, warranty and building compliance is completed. Health and Safety procedures and standards are continually being reviewed, updated and developed with preparation underway for upcoming legislative changes.

Acknowledgements

Dunedin Venues Management Ltd recognises that we could not achieve the event schedule or deliver events successfully without the help and support of our partners and stakeholders.

We continue to be indebted to our Members, Suite-holders and Open Club Reserve holders. They have made and continue to make a substantial contribution to the success of the Stadium.

The Company has worked hard to build strong relationships with our services partners, particularly Compass Catering, TicketDirect, ADT Armourguard and ISS Facility Services and we appreciate their efforts in working with us to achieve our objectives.

We wish to thank our venue hirers during the year and equally wish to thank our Sponsors who include:

- | | |
|------------------------------|----------------------------|
| • Forsyth Barr | • Lion |
| • Allied Press | • TicketDirect |
| • Mitre 10 New Zealand | • Scenic Hotel Group |
| • Select Personnel and HR | • Anderson Lloyd Lawyers |
| • Silver Fern Farms | • Fonterra Brands (Tiptop) |
| • Coca-Cola Amatil | • Cerebos Greggs |
| • Envirowaste | • Konica Minolta |
| • Fisher & Paykel Appliances | • Alexander McMillan Trust |
| • Whitestone Cheese | |

We would like to thank University of Otago who not only jointly manage the Plaza area in the Stadium precinct with us, but have been one of our key venue hirers as has the Otago University Students Association.

Special thanks also go to staff who have worked tirelessly delivering an extremely busy events schedule across all of our premier venues.

Finally, we would like to thank all those who attended events over the last year. We endeavour to deliver the best possible service we can for our guests and we look forward to welcoming you to our venues again.

Raewyn Lovett
Chairperson



18 September 2015

Terry Davies
Chief Executive



18 September 2015

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

The Directors of Dunedin Venues Management 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 activities of the Company are to manage and maintain the Forsyth Barr Stadium and the Dunedin Centre/Town Hall Complex.

Results for the Year Ended 30 June 2015

The report covers the financial year 1 July 2014 to 30 June 2015

	\$'000
Operating profit for the year	2,298
Less cost of rental for the stadium	<u>(4,000)</u>
	(1,702)
Add subvention payment	<u>273</u>
Loss for the year before taxation	(1,429)
Income tax expense	<u>414</u>
Loss for the year after taxation	<u>(1,015)</u>

State of Affairs

The Company recorded a net loss after tax of (\$1,015,000) for the year. The Directors believe that the state of affairs of the company is satisfactory as the company has the support of its shareholder during the period of trading required to achieve profitability.

Changes in Accounting Policies

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

Review of Operations

Net surplus before stadium rental, subvention receipts and taxation was \$2.298 million for the year compared to \$2.713 for the previous year. The decrease compared to the previous year is largely attributable to the two test matches being held in the 2013/14 financial year, whilst the 2014/15 did not have any test matches.

The financial forecasts for the upcoming year are very healthy representative of a significant decrease in rental expense along with a good increase in content being offered.

Change of Directors

The change of directors is outlined on page 1.

Outlook

The Company continues to make progress in expanding its revenue base and ensuring costs are maintained at appropriate levels.

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

Social and Environmental Contributions

The Company continues to maintain a recycling programme incorporating, communications with partners, alternative environmentally friendly products being used, visual displays, improved clean up procedures and clearly identifiable recycling stations.

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 8 and the related parties' transactions on pages 26 to 28.

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.

Employee Remuneration

Details of remuneration ranges (inclusive of retirement allowances) for employees of the company are:

Remuneration range	Number of Employees	
	2015	2014
\$210,000 - 219,999	1	-
\$140,000 - 149,000	1	-
\$130,000 - 139,000	-	1
\$120,000 - 129,999	-	1
\$110,000 - 119,999	-	1

Directors' Remuneration

Director	Responsibility	Remuneration	
		2015 \$'000	2014 \$'000
Raywyn J Lovett	Chairperson (appointed 1 January 2015)	10	-
Peter G Stubbs	Deputy Chairperson	16	16
Peter J Hutchison	Director	16	16
Alan McConnon	Director (appointed 1 January 2015)	8	-
John W Hansen	Chairperson (resigned effective 28 February 2015)	16	24
Peter J Brown	Director (resigned effective 31 December 2014)	8	16
Jennifer H Rolfe	Director (resigned effective 31 December 2014)	8	16

Directors' Insurance

As provided in the Company's Constitution, Dunedin Venues Management 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.

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

Directors' Benefits

No Director of Dunedin Venues Management Limited has, since the end of the previous financial year, received or become entitled to receive a benefit other than a benefit included in the total remuneration received or due and receivable by the Directors shown in the financial statements.

Staff

The Directors once again record their appreciation of the professional and positive manner in which the staff have conducted their duties during the year. The dedication of staff in endeavouring to ensure that the Company meets its operational and financial targets is highly commendable.

Events Subsequent to Balance Date

No significant events have occurred subsequent to balance date.

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

Director	Declarations of Interest
Raewyn Lovett (appointed 1 January 2015)	Partner of Duncan Cotterill, Lawyers Chair of Quotable Value Limited Chair of Auckland Sport Trustee of CHT Director, Darroch Limited
Peter Stubbs (appointed 19 September 2009)	Partner, Simpson Grierson Member, The Westervelt Company Advisory Board Legal Advisor, Multiple NZ Councils (on CCO regional economic development, venues, attractions, events and tourism issues) Chairman, Kitchen Things
Alan McConnon (appointed 1 January 2015)	Executive Director, Aorangi Laboratories Limited Director, Vinpro Limited Director, D.C. Ross Limited Director, Innovative Learning Holdings Limited (and subsidiaries) Director (Ind.), Tracmap Holdings Limited (and subsidiaries) Director (Ind.) Mt Difficulty Wines Limited Chairman (Ind.) Polson Higgs
Peter Hutchison (appointed 19 September 2009)	Director, Fund Managers Auckland Limited President, Otago/Southland Division of CSNZ Deputy Chairman, CSNZ National Board Director, Mortgage Fund Managers Limited Director, All Purpose Finance Limited (in Receivership) Managing Director, Fund Managers Otago Limited Director, Fund Managers Holdings Limited Trustee, Dunedin Prison Trust Chairman, New Zealand Syndication Group Limited Chairman, SSL New Zealand Limited Chairman, KWH Limited

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

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

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

Raewyn Lovett
Chairperson



18 September 2015

Peter Hutchison
Director



18 September 2015

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

	<i>Note</i>	2015 \$'000	2014 \$'000
Revenue			
Operating revenue	3	9,960	9,127
Financial revenue	4	27	25
Total revenue		9,987	9,152
Less expenses			
Operating expenses	5	5,407	4,361
Depreciation	16	359	348
Directors fees		85	88
Salaries and wages		1,831	1,537
Interest expense	6	7	105
Total expenditure		7,689	6,439
Profit/(Loss) for the year before rental of stadium, subvention receipt and taxation		2,298	2,713
Rental of stadium		(4,000)	(4,000)
Subvention receipt	20	273	1,229
Profit/(Loss) for the year before taxation		(1,429)	(58)
Income tax (expense) credit	7	414	-
Profit/(Loss) for the year after taxation		(1,015)	(58)

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

Dunedin Venues Management Limited
Statement of Comprehensive Income
For the Year Ended 30 June 2015

	<i>Note</i>	2015 \$'000	2014 \$'000
Other comprehensive income		-	-
Loss for the year after taxation		(1,015)	(58)
Total comprehensive loss after taxation		<u>(1,015)</u>	<u>(58)</u>

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

		2015 \$'000	2014 \$'000
Movements in Equity			
Opening Balance		(937)	(7,256)
Capital Contribution	8	1,440	6,377
Total comprehensive loss after taxation		(1,015)	(58)
Closing Balance		<u>(512)</u>	<u>(937)</u>

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

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

	<i>Note</i>	2015 \$'000	2014 \$'000
Current Assets			
Cash and cash equivalents	9	190	2,008
Trade and other receivables	11	2,672	1,563
Subvention receivable	7	414	-
Total current assets		3,276	3,571
Non-Current Assets			
Property, plant and equipment	16	2,670	2,945
Total non-current assets		2,670	2,945
Total Assets		5,946	6,516
Current Liabilities			
Trade and other payables	12	4,986	6,556
Advances		600	-
Employee entitlements		100	154
Inter group advances	13	576	487
Borrowings	14	84	100
Total current liabilities		6,346	7,297
Non-Current Liabilities			
Borrowings	14	112	156
Total non-current liabilities		112	156
Equity			
Share capital	8	8,017	6,577
Retained deficits	8	(8,529)	(7,514)
Total Equity		(512)	(937)
TOTAL EQUITY AND LIABILITIES		5,946	6,516

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

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

	2015	2014
<i>Note</i>	\$'000	\$'000
Cashflows from Operating Activities		
<i>Cash was provided from</i>		
Receipts from customers	9,212	8,318
Interest received	27	25
Income tax received	-	3
Net GST received	-	352
Subvention payments	-	1,229
	<u>9,239</u>	<u>9,927</u>
<i>Cash was disbursed to</i>		
Payments to suppliers and employees	13,013	7,585
Interest paid	44	105
Income tax paid	3	-
Net GST paid	285	-
	<u>13,345</u>	<u>7,690</u>
Net Cashflow from Operating Activities	10 <u>(4,106)</u>	<u>2,237</u>
Cashflows from Investing Activities		
<i>Cash was disbursed to</i>		
Purchase of property, plant and equipment	54	138
Net Cashflow from Investing Activities	<u>(54)</u>	<u>(138)</u>
Cashflows from Financing Activities		
<i>Cash was provided from</i>		
Shareholder capital	1,440	6,377
Inter group advances	362	-
Advances	600	-
	<u>2,402</u>	<u>6,377</u>
<i>Cash was disbursed to</i>		
Repayment of inter group advances	-	4,405
Repayment of borrowings	-	2,505
Repayment of finance lease	60	95
	<u>60</u>	<u>7,005</u>
Net Cashflow from Financing Activities	<u>2,342</u>	<u>(628)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(1,818)	1,471
Opening Cash and Cash Equivalents	2,008	537
Closing Cash and Cash Equivalents	<u>190</u>	<u>2,008</u>
Composition of Cash and cash Equivalents		
Cash on Hand	4	2,008
Bank Current Account	186	
Cash and Cash Equivalents at the end of the year	<u>190</u>	<u>2,008</u>

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

Dunedin Venues Management 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 Management Limited (the Company).

Dunedin Venues Management Limited is a Council Controlled Trading 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 Management 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 Management Limited is to manage and maintain the Forsyth Barr Stadium and the Dunedin Town Hall/Dunedin Centre.

Dunedin Venues Management Limited is a for profit company.

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 and in accordance with NZ GAAP.

The financial statements were authorised for issue by the Directors on 26 September 2015.

Basis of Preparation

The financial statements have been prepared on an historic cost basis.

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 Company is a qualifying entity within the framework for differential reporting. The Company qualifies on the basis that it is not publicly accountable and is not large as defined in the Framework for Differential Reporting. The Company has taken advantage of all available differential reporting concessions except for:

- The exemptions available in NZ IAS 1 as a statement of changes in equity has been included
- The exemptions available in NZ IAS 7 *Cash flow statements*.
- The exemptions available in NZ IAS 16 Property, plant and equipment.

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 Management 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.

Membership and Sponsorship Revenue

The development of the Stadium was partially funded by the sale of stadium memberships, corporate boxes and signage and sponsorship. The term of the memberships and corporate box licenses is five to ten years. The terms of the signage and sponsorship agreements range from one year to ten years. Payment for these items has been received and recorded as income received in advance. This income is amortised as revenue on a straight-line basis over the term of the agreement. Amortisation of revenue from memberships and corporate boxes commenced from 1 August 2011. Where signage and sponsorship agreements were entered into prior to the opening of the Stadium, amortisation of revenue commenced from 1 August 2011.

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

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

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

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

The Company As Lessee

Assets held under finance leases are recognised as assets of the Company at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Employee Entitlements

Entitlements to salary and wages and annual leave are recognised when they accrue to employees. This includes the estimated liability for salaries and wages and annual leave as a result of services rendered by employees up to balance date at current rates of pay.

Entitlements to long service leave and retirement gratuities are calculated on an actuarial basis and are based on the reasonable likelihood that they will be earned by employees and paid by the Company.

The Company recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The calculation is based on the value of excess sick leave taken within the previous twelve months.

Borrowing costs

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 receivables and payables which are recognised inclusive of GST.

Taxation

Tax expense is calculated using the taxes payable method. As a result, no allowance is made for deferred tax. Tax expense includes the current tax liability and adjustments to prior year tax liabilities.

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.

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

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.

Depreciation is charged so as to write off the cost or valuation of assets on the straight-line basis or diminishing value 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	8% - 13%	Diminishing value
Temporary seating	9%	Straight line
Furniture and fittings	10%	Diminishing value
Office equipment	12% to 80%	Straight line & Diminishing value
Stadium equipment	8% to 67%	Straight line & Diminishing value

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.

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

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.

Trade and other payables

Trade and other payables are stated at cost.

Borrowings

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.

Provisions

A provision is recognised in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

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

Income Received in Advance

Income received in advance represents the unexpired portion of Membership and Sponsorship revenue at balance date and is carried forward in the statement of financial position.

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.

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 INCOME		
Income from services and events	9,960	9,127
	<u>9,960</u>	<u>9,127</u>
	2015	2014
	\$'000	\$'000
4 FINANCIAL INCOME		
Interest received from funds on deposit	27	25
	<u>27</u>	<u>25</u>

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

	2015	2014
	\$'000	\$'000
5 OPERATING EXPENSES		
Audit fees - for audit of financial statements	29	25
Rental expense on operating leases	16	16
Bad debts	20	20
Other expenses	5,342	4,300
	<u>5,407</u>	<u>4,361</u>

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

	2015	2014
	\$'000	\$'000
6 INTEREST EXPENSE		
Interest - related parties	-	51
Interest - term loans	7	54
	<u>7</u>	<u>105</u>

7 INCOME TAXES

Income Tax Recognised in Comprehensive Income

Loss for the year before taxation	(1,429)	(58)
Income tax expense (credit) calculated at 28% (2014: 28%)	(400)	(16)

Tax effect of following adjustments

Non-deductible expenses	19	20
Non assessable income	(32)	-
Depreciation not included	(1)	14
Tax losses not recognised	-	(18)

Tax effect of differences	<u>(14)</u>	<u>16</u>
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Tax expense	<u>(414)</u>	<u>-</u>
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Effective tax rate	0%	0%
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Comprising

Current tax provision	(414)	(35)
Tax losses not brought to account	-	35

Income tax	<u>(414)</u>	<u>-</u>
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Dunedin Venues Management Limited
Notes to the Financial Statements
For the Year Ended 30 June 2015

There are no tax losses to carry forward. All available tax losses have been utilised within the Dunedin City Council group.

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

	2015	2014
	\$'000	\$'000
8 EQUITY - Share Capital		
Called and Fully Paid Up Capital		
8,017,065 fully paid ordinary shares (2014: 6,577,000)	8,017	6,577

10,000,000 of shares have been issued to the Dunedin City Council at \$1 per share. At 30 June 2015 8,017,065 (2014: 6,577,000) 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.

	2015	2014
	\$'000	\$'000
EQUITY - Retained Deficits		
Opening Balance	(7,514)	(7,456)
Loss for the year after taxation	(1,015)	(58)
	(8,529)	(7,514)
	2015	2014
	\$'000	\$'000
9 CASH AND CASH EQUIVALENTS		
Cash on hand	4	4
Bank current account	186	52
Deposit accounts	-	1,952
	190	2,008

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.

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

	2015	2014
	\$'000	\$'000
10 RECONCILIATION OF NET LOSS FOR THE YEAR TO CASHFLOWS FROM OPERATING ACTIVITIES		
Loss for the year after taxation	(1,015)	(58)
<i>Items Not Involving Cashflows</i>		
Depreciation	359	348
Non cash revenue	(302)	-
<i>Impact of Changes in Working Capital Items</i>		
(Increase) /Decrease in trade and other receivables	(380)	(332)
(Increase) /Decrease in prepayments	(726)	135
(Increase) /Decrease in subvention receivable	(414)	-
(Increase) / Decrease in taxation receivable	(3)	3
(Increase) / Decrease in GST receivable	-	31
Increase / (Decrease) in GST payable	(285)	321
Increase / (Decrease) in trade and other payables	(947)	2,318
Increase / (Decrease) in employee entitlements	(54)	(52)
Increase / (Decrease) in income received in advance	(339)	(477)
Net cashflows from operating activities	(4,106)	2,237
	2015	2014
	\$'000	\$'000
11 TRADE AND OTHER RECEIVABLES		
Trade and other receivables	1,940	1,560
Accrued Income and Prepayments	726	-
Taxation receivable	6	3
GST receivable	-	-
	2,672	1,563
	2015	2014
	\$'000	\$'000
12 TRADE AND OTHER PAYABLES		
Trade payables	3,171	4,118
GST payable	36	321
Income received in advance	1,779	2,117
	4,986	6,556

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

	2015	2014
	\$'000	\$'000
13 INTERGROUP ADVANCES		
Advance from Dunedin Venues Limited	262	440
Advance from Aurora Energy Limited	-	47
Advance from Delta Utility Services Limited	314	-
	<u>576</u>	<u>487</u>

The Dunedin Venues Limited loan is unsecured and is repayable on demand. There is no interest payable.

	2015	2014
	\$'000	\$'000
14 TERM BORROWINGS (secured)		
Current Portion		
Loan – John Deere Financial Limited	-	5
Finance Lease	84	95
	<u>84</u>	<u>100</u>
Non Current Portion		
Finance Lease	112	156
	<u>112</u>	<u>156</u>

The repayment period on the borrowings is as follows:

Less than one year (current portion)	84	100
Repayable between one to two years	84	95
Repayable between two to five years	28	61
Repayable later than five years	-	-
	<u>196</u>	<u>256</u>

The John Deere Financial Limited loan is secured over stadium ground equipment and is interest free. The loan matured on 18 October 2014.

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

	2015	2014
	\$'000	\$'000
15 LEASE COMMITMENTS		
(i) Minimum Operating Lease Payments		
Payable within one year	2,000	4,017
Payable between one to five years	8,000	16,017
Payable later than five years	22,167	48,333
	<u>32,167</u>	<u>68,367</u>

The Company has entered into a rental agreement with Dunedin Venues Limited to rent the stadium assets for a term of 20 years from 1 August 2011. The rental has been valued at \$2,000,000 per annum.

(ii) Minimum Finance Lease Payments

Payable within one year	84	95
Payable between one to five years	112	156
Payable later than five years	-	-
	<u>196</u>	<u>251</u>

16 PROPERTY, PLANT AND EQUIPMENT

	2015					
	Buildings	Furniture & Fittings	Office Equipment	Stadium Equipment	Motor Vehicles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost or Valuation						
Balance at beginning of year	1,399	10	204	2,187	10	3,810
Additions	7	-	17	55	5	84
Disposals	-	-	-	-	-	-
Balance at end of year	<u>1,406</u>	<u>10</u>	<u>221</u>	<u>2,242</u>	<u>15</u>	<u>3,894</u>
Accumulated depreciation						
Balance at beginning of year	306	3	80	472	4	865
Depreciation	118	1	38	200	2	359
	<u>424</u>	<u>4</u>	<u>118</u>	<u>672</u>	<u>6</u>	<u>1,224</u>
Balance at end of year	<u>982</u>	<u>6</u>	<u>103</u>	<u>1,570</u>	<u>9</u>	<u>2,670</u>

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

	2014					
	Buildings	Furniture & Fittings	Office Equipment	Stadium Equipment	Motor Vehicles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost or Valuation						
Balance at beginning of year	1,399	10	86	2,177	-	3,672
Additions	-	-	118	10	10	138
Disposals	-	-	-	-	-	-
Balance at end of year	1,399	10	204	2,187	10	3,810
Accumulated depreciation						
Balance at beginning of year	185	3	65	264	-	517
Depreciation	121	-	15	208	4	348
	306	3	80	472	4	865
Balance at end of year	1,093	7	124	1,715	6	2,945

17 CAPITAL EXPENDITURE COMMITMENTS

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

18 CONTINGENT LIABILITIES

There were no contingent liabilities at year end (2014: \$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 \$1,982,935 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 **Financial Assets**

	2015	2014
	\$'000	\$'000
Loans and receivables	3,276	3,571
Financial Liabilities		
Financial liabilities at amortised cost	4,483	5,085

All financial assets and liabilities are recognised at amortised cost.

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

20 RELATED PARTY TRANSACTIONS

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

Dunedin Venues Management Limited undertakes transactions with the Dunedin City Council and other Dunedin City Council controlled entities. These transactions are on an arms-length commercial basis.

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
Advance paid	-	3,381
Rates and property rentals and other charges	636	203
Event Attraction Grant	759	-
Service level agreement	1,544	905
	<u>2,180</u>	<u>4,489</u>

As at balance date:

Payable to Dunedin City Council	670	10
	<u>670</u>	<u>10</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:

	2015	2014
	\$'000	\$'000
Dunedin City Treasury Limited		
Loan received/(repaid)	-	(1,161)
Interest paid	37	50
Interest received	12	15
Other payments	1	3
	<u>50</u>	<u>(1,093)</u>

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

20 RELATED PARTY TRANSACTIONS (CONTINUED)

	2015 \$'000	2014 \$'000
Dunedin Venues Limited		
Advance paid	178	409
Rent of stadium	4,000	4,000
	<u>4,178</u>	<u>4,409</u>

As at balance date:

Payable to Dunedin Venues Limited:		
Rent due	1,667	1,000
Advance – refer Note 13	262	440
	<u>1,929</u>	<u>1,440</u>

	2015 \$'000	2014 \$'000
Aurora Energy Limited		
Loan received/(paid)	(47)	(615)
	<u>(47)</u>	<u>(615)</u>

As at balance date

Payable to Aurora Energy Limited		
Advance – refer Note 13	-	47
	<u>-</u>	<u>47</u>

	2015 \$'000	2014 \$'000
Delta Utility Services Limited		
Loan received/(paid)	314	-
Membership and other services	88	-
	<u>314</u>	<u>-</u>

As at balance date

Payable to Delta Utility Services Limited		
Advance – refer Note 13	314	-
	<u>314</u>	<u>-</u>

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

20 RELATED PARTY TRANSACTIONS (CONTINUED)

During the year, tax losses of \$1,467,000 from the 2014 year were transferred to other entities in the DCC Group by subvention payment of \$411,000 and loss offset of \$1,056,000. A subvention receivable of \$414,000 has been recognised in relation to estimated tax losses for 2015.

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.

Transactions with companies in which key management personnel have an interest and with close members of the family of key management personnel (amounts to to the nearest \$1,000):

During the course of the year:

- Peter J Brown purchased two Forsyth Barr Stadium Lounge Memberships for \$3,000 (2014: \$4,000).
- Fund Managers Otago Limited of which Peter J Hutchison is the Managing Director, purchased six Forsyth Barr lounge memberships for \$9,000 (2014: \$9,000).
- The Company incurred legal costs of \$12,000 (2014: \$22,000) with Simpson Grierson of which Peter G Stubbs is a partner.

21 GOING CONCERN

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

The Company has a number of funding arrangements with the Dunedin City Council,

- Service level agreements for both community access to the stadium and the operation of the Dunedin Centre
- Access to an event attraction fund
- Uncalled capital
- Access to short term working capital funding through Dunedin City Treasury Limited

Each of these arrangements plays an integral part in the funding of the operations of the Company and as such are a component in the adoption of the going concern assumption.

The Company has recorded a net equity deficit of (\$512,000) and a net working capital deficit of (\$3,070,000) at 30 June 2015. This position is mitigated by the uncalled capital of \$1,983,000 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.

22 EVENTS AFTER BALANCE DATE

There have been no significant events subsequent to balance date

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

Performance Targets

Achievements

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

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

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

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.

Monitor the amount of recycled and land filled waste created

Each month both recycled and non recycled waste levels are monitored via the Envirowaste On-line Reporting Suite

In 2014/15 a total of 46.79 tonnes of waste (38.3% of total waste) was recycled. In 2013/14 a total of 57.92 tonnes of waste (51.2% of total waste) was recycled.

Independent Auditor's Report

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

The Auditor-General is the auditor of Dunedin Venues Management 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 11 to 29, that comprise the statement of financial position as at 30 June 2015, the statement of financial performance, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the company on page 30.

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 NZ IFRS with differential reporting concessions.
- 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 18 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, flowing script.

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