

Dunedin Venues Management Limited

Annual Report

2016

Dunedin Venues Management Limited
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For the Year Ended 30 June 2016

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Dunedin Venues Management Limited
Directory
For the Year Ended 30 June 2016

DIRECTORS

- Raywyn J Lovett
 - Peter J Hutchison
 - Glenys J Coughlan
 - Kevin G Winders
- Appointed 1 January 2016
Appointed 1 January 2016
- Alan McConnon
 - Peter G Stubbs
 - Graham W Crombie
- Resigned effective 30 October 2015
Resigned effective 28 September 2015
Appointed 16 November 2015
Resigned effective 1 February 2016

CHIEF EXECUTIVE OFFICER

- Terry Davies

REGISTERED OFFICE

- Dunedin City Council
50 The Octagon
Dunedin 9016

BANKERS

- BNZ
Dunedin

SOLICITORS

- Anderson Lloyd
Dunedin

AUDITOR

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

Chairperson's and Chief Executive's Report

Ahead of celebrating five years of operation in August 2016, the Company has recorded its first surplus since inception, reporting a net surplus before taxation of \$568,000.

The event calendar has given immense variety for our patrons across all venues and with an All Blacks Test after a year's break under the roof there really has been an event to suit everyone. Our venues hosted a total of 549 events in the past financial year.

Forsyth Barr Stadium hosted 3 major concerts with Neil Diamond, Fleetwood Mac and Black Sabbath. Along with the All Blacks test v Wales, the economic impact from these events alone contributed more than \$21m* into Dunedin's economy. There were more than 100 days of community usage under the roof which is a reflection of the excellent utilisation of the Community Event Funding offered in partnership with Dunedin City Council.

(*All Blacks economic impact based on 2014 figs as survey data not complete at the time of writing this report).

The Dunedin Centre continues to go from strength to strength with a highly successful year completed and confirmation of some major conferences over the next two years including one which will bring 1000 delegates to the city. Conference delegates spend more money and stay longer than the leisure traveller so this business is extremely significant for the city and the economic benefit it brings.

Acknowledgements

It is with sadness that we note the passing of one of our directors, Alan McConnon, during the year. Alan was well respected on the board, not only through his business and governance acumen but also the level of vibrancy that he provided.

Also during the year, Peter Stubbs resigned from the board. Peter had been with the Company since inception and had worked through the challenges that the Company faced in it's initial years. The efforts of both Peter, and the other directors who were initially appointed, has left the Company in a sound financial position.

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, Ticket Master, 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
- Allied Press
- Mitre 10 New Zealand
- Select Personnel and HR
- Silver Fern Farms
- Coca-Cola Amatil
- Whitestone Cheese
- Lion
- Alexander McMillan Trust
- Scenic Hotel Group
- Anderson Lloyd Lawyers
- Konica Minolta
- Bramwells

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 our 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



29 August 2016

Terry Davies
Chief Executive



29 August 2016

Dunedin Venues Management Limited
Statutory Information
For the Year Ended 30 June 2016

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 2016

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 2016

The report covers the financial year 1 July 2015 to 30 June 2016

	\$'000
Profit/(Loss) for the year before taxation	568
Income tax expense	(161)
Profit/(Loss) for the year after taxation	<u>407</u>

State of Affairs

The Company recorded a net profit after tax of \$0.407 million 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 taxation was \$0.568 million for the year compared to a loss of \$1.429 million for the previous year. The turn around in financial performance is reflective of both an increase in content offered along with the implementation of the Stadium Review recommendations by the Dunedin City Council.

The financial forecasts for the upcoming year continue to indicate a strong financial position the Company.

Change of Directors

The change of directors is outlined on page 1.

Outlook

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

Dunedin Venues Management Limited
Statutory Information
For the Year Ended 30 June 2016

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 2016 are attached to this report.

Director's Interest in Contracts

Refer to Director's Declarations of Interest section on page 7 and the related parties' transactions on pages 27 to 29.

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	
	2016	2015
\$270,000 - 279,999	1	-
\$210,000 - 219,999	-	1
\$140,000 - 149,000	1	1
\$110,000 - 119,999	1	-

Directors' Remuneration

Director	Responsibility	Remuneration	
		2016 \$'000	2015 \$'000
Raywyn J Lovett	Chairperson	22	10
Peter J Hutchison	Director	17	16
Glenys J Coughlan	Director (appointed 1 January 2016)	8	-
Kevin G Winders	Director (appointed 1 January 2016)	8	-
Alan McConnon	Director (resigned effective 30 October 2015)	5	8
Peter G Stubbs	Director (resigned effective 28 September 2014)	4	16
Graham Crombie	Director (resigned effective 1 February 2016)	3	-

Dunedin Venues Management Limited
Statutory Information
For the Year Ended 30 June 2016
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.

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 2016

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 Hutchison (appointed 19 September 2009)	Director, Fund Managers Auckland Limited Director, Fund Managers Holdings Limited Director, Funds Managers Central Limited Managing Director, Fund Managers Otago Limited Chair, SSF New Zealand Limited Chair, KWH Limited Chair, New Zealand Syndication Group Limited Director, Cancer Society NZ Otago/Southland President, Cancer Society NZ National Board Trustee , Dunedin Prison Trust
Glenys Coughlan (appointed 1 January 2016)	General Manager - Central Otago Winegrowers Association Chair, PATA NZ Board of Trustees Deputy Chair, Outward Bound New Zealand
Kevin Winders (appointed 1 January 2016)	Director, Timaru Container Terminal Limited Director, Kotahi GP Limited Director, Livestock Logistics Nationwide Limited Director, Robotic Technologies Limited Director, Alpine Origin Merino Limited Director, Silver Fern Farms (UK) Limited Director, Silver Fern Farms GmbH

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

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 2016 fairly reflect the financial position and operations of Dunedin Venues Management Limited.

Peter Hutchison
Director



29 August 2016

Glenys Coughlan
Director



29 August 2016

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

	<i>Note</i>	2016 \$'000	2015 \$'000
Revenue			
Operating revenue	3	12,739	9,960
Financial revenue	4	19	27
Total revenue		<u>12,758</u>	<u>9,987</u>
Less expenses			
Operating expenses	5	7,048	5,407
Depreciation & Impairment	16	1,152	359
Directors fees		69	85
Salaries and wages		1,893	1,831
Interest expense	6	28	7
Rental of stadium		2,000	4,000
Total expenditure		<u>12,190</u>	<u>11,689</u>
Profit/(Loss) for the year before subvention receipt and taxation		568	(1,702)
Subvention receipt	21	-	273
Profit/(Loss) for the year before taxation		<u>568</u>	<u>(1,429)</u>
Income tax (expense)/ credit	7	(161)	407
Profit/(Loss) for the year after taxation		<u>407</u>	<u>(1,022)</u>

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

Dunedin Venues Management Limited
Statement of Other Comprehensive Income
For the Year Ended 30 June 2016

	<i>Note</i>	2016 \$'000	2015 \$'000
Other comprehensive income		-	-
Loss for the year after taxation		407	(1,022)
Total comprehensive loss after taxation		<u>407</u>	<u>(1,022)</u>

Dunedin Venues Management Limited
Statement of Changes in Equity
For the Year Ended 30 June 2016

		2016 \$'000	2015 \$'000
Movements in Equity			
Opening Balance		(483)	(901)
Capital Contribution	8	560	1,440
Total comprehensive loss after taxation		407	(1,022)
Closing Balance		<u>484</u>	<u>(483)</u>

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

	<i>Note</i>	2016 \$'000	2015 \$'000
Current Assets			
Cash and cash equivalents	9	2,224	190
Trade and other receivables	11	1,212	2,672
Subvention receivable	7	-	414
Inter group advances	13	177	(576)
Total current assets		3,613	2,700
Non-Current Assets			
Property, plant and equipment	16	2,066	2,670
Deferred Tax	17	242	29
Total non-current assets		2,308	2,699
Total Assets		5,921	5,399
Current Liabilities			
Trade and other payables	12	4,857	4,515
Advances		-	600
Employee entitlements		104	100
Borrowings	14	86	84
Total current liabilities		5,047	5,299
Non-Current Liabilities			
Income in Advance		362	471
Borrowings	14	28	112
Total non-current liabilities		390	583
Equity			
Share capital	8	8,577	8,017
Retained deficits	8	(8,093)	(8,500)
Total Equity		484	(483)
TOTAL EQUITY AND LIABILITIES		5,921	5,399

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 2016

	2016	2015
<i>Note</i>	\$'000	\$'000
Cashflows from Operating Activities		
<i>Cash was provided from</i>		
Receipts from customers	13,473	9,212
Interest received	19	27
Income tax received	6	-
Subvention payments	419	-
	<u>13,917</u>	<u>9,239</u>
<i>Cash was disbursed to</i>		
Payments to suppliers and employees	10,372	13,013
Interest paid	28	44
Income tax paid	-	3
Net GST paid	60	285
	<u>10,460</u>	<u>13,345</u>
Net Cashflow from Operating Activities	<u>10</u> <u>3,457</u>	<u>(4,106)</u>
Cashflows from Investing Activities		
<i>Cash was provided from</i>		
Sale of property, plant and equipment	892	
<i>Cash was disbursed to</i>		
Purchase of property, plant and equipment	1,440	54
Net Cashflow from Investing Activities	<u>(548)</u>	<u>(54)</u>
Cashflows from Financing Activities		
<i>Cash was provided from</i>		
Shareholder capital	560	1,440
Inter group advances	-	362
	<u>560</u>	<u>1,802</u>
<i>Cash was disbursed to</i>		
Repayment of inter group advances	753	-
Repayment of finance lease	82	60
Advances	600	(600)
	<u>1,435</u>	<u>(540)</u>
Net Cashflow from Financing Activities	<u>(875)</u>	<u>2,342</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	2,034	(1,818)
Opening Cash and Cash Equivalents	190	2,008
Closing Cash and Cash Equivalents	<u>2,224</u>	<u>190</u>
Composition of Cash and cash Equivalents		
Cash on Hand	4	4
Bank Current Account	220	186
Deposit accounts	2,000	-
Cash and Cash Equivalents at the end of the year	<u>2,224</u>	<u>190</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 2016

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 Holdings Limited.

The financial statements of Dunedin Venues Management 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 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 in accordance with NZ GAAP. For the purpose of complying with NZ GAAP, the Company is a for-profit entity. These financial statements comply with New Zealand International Financial Reporting Standards (Reduced Disclosure Regime).

The Company has adopted External Reporting Board Standard A1 Accounting Standards Framework (For-profit Entities Update) (XRB A1). The Company qualifies for NZ IFRS (RDR) as it does not have public accountability and it is not a large for-profit public sector entity. The Company has elected to apply NZ IFRS (RDR) and has applied disclosure concessions.

The financial statements were authorised for issue by the Directors on 29 August 2016.

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 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.

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

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 2016

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

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 plus any adjustments to income tax payable in respect of prior years.

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.

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

Current tax and deferred tax is charged or credited to the income statement except when deferred tax relates to items charged directly to equity, in which case the tax is dealt with in equity.

The Company's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

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 sheet 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.

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>
Leasehold alterations	8% - 13%	Diminishing value
Furniture and fittings	10%	Diminishing value
Office equipment	12% to 80%	Straight line & Diminishing value
Plant & equipment	8% to 67%	Straight line & Diminishing value

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

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.

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.

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

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.

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.

Changes in Accounting Policies

The adoption of NZ IFRS RDR has resulted in increased disclosures largely in respect of NZ IAS 12 "Income Taxes" which has a material impact on the Company.

NZ IFRS RDR also requires the adoption of NZ IAS 7 "Cash flows". The Company has adopted this standard since inception in 2011 so there are no material changes to the financial statements.

The adoption of NZ IAS 12 requires the calculation of income tax to include deferred tax. The change has been applied retrospectively and has resulted in a deferred tax asset of \$29,000 being included in the comparative period, resulting in an increased profit for the period.

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

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

	2016	2015
	\$'000	\$'000
3 OPERATING INCOME		
Income from services and events	12,739	9,960
	<u>12,739</u>	<u>9,960</u>

	2016	2015
	\$'000	\$'000
4 FINANCIAL INCOME		
Interest received from funds on deposit	19	27
	<u>19</u>	<u>27</u>

	2016	2015
	\$'000	\$'000
5 OPERATING EXPENSES		
Audit fees - for audit of financial statements	29	29
Rental expense on operating leases	16	16
Bad debts	50	20
Other expenses	6,953	5,342
	<u>7,048</u>	<u>5,407</u>

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

	2016	2015
	\$'000	\$'000
6 INTEREST EXPENSE		
Interest - term loans	28	7
	<u>28</u>	<u>7</u>

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

7 INCOME TAXES

Income Tax Recognised in Comprehensive Income

Profit/(Loss) for the year before taxation	568	(1,429)
Income tax expense (credit) calculated at 28% (2015: 28%)	159	(400)

Tax effect of following adjustments

Non-deductible expenses	2	25
Non assessable income	-	(32)

Tax effect of differences	2	(7)
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Tax expense	161	(407)
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Effective tax rate	28%	0%
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Represented by:

Current Tax Provision	358	(414)
Prior period Adjustments to Current Tax Provision	16	-
Deferred Tax Provision	(213)	7
Prior Period Adjustments to Deferred Tax	-	-
	161	(407)

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.

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

	2016	2015
	\$'000	\$'000

8 EQUITY - Share Capital

Called and Fully Paid Up Capital

8,577,065 fully paid ordinary shares (2015: 8,017,065)	8,577	8,017
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10,000,000 of shares have been issued to the Dunedin City Holdings Limited at \$1 per share. At 30 June 2016 8,577,065 (2015: 8,017,065) 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.

	2016	2015
	\$'000	\$'000
EQUITY - Retained Deficits		
Opening Balance	(8,500)	(7,485)
Loss for the year after taxation	407	(1,015)
	(8,093)	(8,500)

	2016	2015
	\$'000	\$'000
9 CASH AND CASH EQUIVALENTS		

Cash on hand	4	4
Bank current account	220	186
Deposit accounts	2,000	-
	2,224	190

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 2016

	2016	2015
	\$'000	\$'000
10 RECONCILIATION OF NET LOSS FOR THE YEAR TO CASHFLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) for the year after taxation	407	(1,022)
<i>Items Not Involving Cashflows</i>		
Depreciation & Impairment	1,152	359
Non cash revenue	-	(302)
<i>Impact of Changes in Working Capital Items</i>		
(Increase) /Decrease in trade and other receivables	958	(380)
(Increase) /Decrease in prepayments	496	(726)
(Increase) /Decrease in subvention receivable	414	(414)
(Increase) / Decrease in taxation receivable	6	4
(Increase) /Decrease in deferred tax	(213)	-
Increase / (Decrease) in GST payable	(60)	(285)
Increase / (Decrease) in trade and other payables	138	(947)
Increase / (Decrease) in taxation payable	379	-
Increase / (Decrease) in employee entitlements	4	(54)
Increase / (Decrease) in income received in advance	(224)	(339)
Net cashflows from operating activities	3,457	(4,106)
	2016	2015
	\$'000	\$'000
11 TRADE AND OTHER RECEIVABLES		
Trade and other receivables	982	1,940
Accrued Income and Prepayments	230	726
Taxation receivable	-	6
	1,212	2,672

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

	2016	2015
	\$'000	\$'000
12 TRADE AND OTHER PAYABLES		
Trade payables	3,309	3,171
GST payable	(24)	36
Taxation Payable	379	
Income received in advance	1,193	1,308
	<u>4,857</u>	<u>4,515</u>

	2016	2015
	\$'000	\$'000
13 INTERGROUP ADVANCES		
Advance from/(to) Dunedin Venues Limited	(177)	262
Advance from/(to) Delta Utility Services Limited	-	314
	<u>(177)</u>	<u>576</u>

	2016	2015
	\$'000	\$'000
14 TERM BORROWINGS (secured)		
Current Portion		
Finance Lease	86	84
	<u>86</u>	<u>84</u>
Non Current Portion		
Finance Lease	28	112
	<u>28</u>	<u>112</u>

The repayment period on the borrowings is as follows:

Less than one year (current portion)	86	84
Repayable between one to two years	28	84
Repayable between two to five years	-	28
Repayable later than five years	-	-
	<u>114</u>	<u>196</u>

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

	2016	2015
	\$'000	\$'000
15 LEASE COMMITMENTS		
(i) Minimum Operating Lease Payments		
Payable within one year	2,000	2,000
Payable between one to five years	8,000	8,000
Payable later than five years	20,167	22,167
	<u>30,167</u>	<u>32,167</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	86	84
Payable between one to five years	28	112
Payable later than five years	-	-
	<u>114</u>	<u>196</u>

16 PROPERTY, PLANT AND EQUIPMENT

	2016					
	Leasehold Alterations	Furniture & Fittings	Office Equipment	Stadium Equipment	Motor Vehicles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost or Valuation						
Balance at beginning of year	1,406	10	221	2,242	15	3,894
Additions	169	483	10	755	23	1,440
Disposals	(1,266)	-	-	-	-	(1,266)
Balance at end of year	<u>309</u>	<u>493</u>	<u>231</u>	<u>2,997</u>	<u>38</u>	<u>4,068</u>
Accumulated depreciation						
Balance at beginning of year	424	4	118	672	6	1,224
Depreciation	16	53	56	670	2	797
Impairment				355		355
Disposals	(374)	-	-	-	-	(374)
	<u>66</u>	<u>57</u>	<u>174</u>	<u>1,697</u>	<u>8</u>	<u>2,002</u>
Balance at end of year	<u>243</u>	<u>436</u>	<u>57</u>	<u>1,300</u>	<u>30</u>	<u>2,066</u>

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

	2015					
	Leasehold Alterations	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	1,406	10	221	2,242	15	3,894
Accumulated depreciation						
Balance at beginning of year	306	3	80	472	4	865
Depreciation	118	1	38	200	2	359
	424	4	118	672	6	1,224
Balance at end of year	982	6	103	1,570	9	2,670

The recoverable amount of the impaired stadium equipment is \$35,000

17 DEFERRED TAX

	2016 \$'000	2016 \$'000	2016 \$'000	2016 \$'000	2016 \$'000	2016 \$'000
	Opening Balance Sheet	Charged to Equity	Charged to Income	Closing Balance Sheet Assets	Liabilities	Net
Property, plant and equipment	(20)		182	162		162
Employee entitlements	28		1		29	29
Provisions and adjustments	21		30		51	51
	29	-	213	162	80	242

	2015 \$'000	2015 \$'000	2015 \$'000	2015 \$'000	2015 \$'000	2015 \$'000
	Opening Balance Sheet	Charged to Equity	Charged to Income	Closing Balance Sheet Assets	Liabilities	Net
Property, plant and equipment	(4)		(16)	(20)		(20)
Employee entitlements	25		3		28	28
Provisions and adjustments	15		6		21	21
	36	-	(7)	(20)	49	29

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

18 CAPITAL EXPENDITURE COMMITMENTS

The Company had no capital expenditure commitments at year end (2015: \$nil).

19 CONTINGENT LIABILITIES

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

20 FINANCIAL INSTRUMENTS

a) Capital Risk Management

When managing capital, management's objective is to ensure the entity continues as a going concern. The Company has uncalled capital of \$1,422,935 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

Loans and receivables

	2016	2015
	\$'000	\$'000

	<u>3,613</u>	<u>3,276</u>
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Financial Liabilities

Financial liabilities at amortised cost

	<u>3,768</u>	<u>4,483</u>
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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 2016

21 RELATED PARTY TRANSACTIONS

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

	2016	2015
	\$'000	\$'000
Rates and property rentals and other charges	747	636
Event Attraction Grant	400	759
Service level agreement	1,434	1,544
	<u>2,581</u>	<u>2,939</u>

As at balance date:

Payable to Dunedin City Council	68	670
	<u>68</u>	<u>670</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	27	37
Interest received	-	12
Other payments	1	1
	<u>28</u>	<u>50</u>

As at balance date:

Deposit with Dunedin City Treasury	2,000	-
	<u>2,000</u>	<u>-</u>

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

21 RELATED PARTY TRANSACTIONS (CONTINUED)

	2016	2015
	\$'000	\$'000
Dunedin Venues Limited		
Advance paid	439	178
Rent of stadium	(2,000)	4,000
	<u>(1,561)</u>	<u>4,178</u>
<i>As at balance date:</i>		
Payable to Dunedin Venues Limited:		
Rent due	-	1,667
Advance – refer Note 13	(177)	262
	<u>(177)</u>	<u>1,929</u>
	2016	2015
	\$'000	\$'000
Aurora Energy Limited		
Loan received/(paid)	-	(47)
	<u>-</u>	<u>(47)</u>
<i>As at balance date</i>		
Payable to Aurora Energy Limited		
Advance – refer Note 13	-	-
	<u>-</u>	<u>-</u>

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

21 RELATED PARTY TRANSACTIONS (CONTINUED)

	2016 \$'000	2015 \$'000
Delta Utility Services Limited		
Loan received/(paid)	(314)	314
Membership and other services	82	88
	<u>(232)</u>	<u>402</u>

As at balance date

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

During the year, tax losses of \$1,497,000 from the 2015 year were transferred to other entities in the DCC Group by subvention payment of \$419,000 and loss offset of \$1,078,000.

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:

- Fund Managers Otago Limited of which Peter J Hutchison is the Managing Director, purchased six Forsyth Barr lounge memberships for \$9,000 (2015:\$9,000). No amounts (2015: nil) were outstanding at balance date.
- Cancer Society of which Peter J Hutchison is the National President purchased \$37,000 (2015: \$2,000) from the Company. No amounts (2015: nil) were outstanding at balance date.

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

22 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 net equity of \$0.484 million along with uncalled capital of \$1.423 million. Under current contractual arrangements with the Dunedin City Council the uncalled capital can be drawn by the Company on demand as and when required.

23 EVENTS AFTER BALANCE DATE

There have been no significant events subsequent to balance date

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

Performance Targets	Achievements												
General													
Goals and objectives of the SOI and Strategic Plan are met. Annually present the Company's five year strategic plan to the Shareholder.	The Company is in the process of updating the five year Strategic Plan. Once the plan has been completed it will be presented to the Shareholder.												
Through surveys for all major events, achieve a minimum 80% satisfaction rating, and have 60% of attendees come from outside of Dunedin City.	The following targets were achieved <table> <tr> <td>Neil Diamond 24 October 2015</td><td></td></tr> <tr> <td>Satisfaction rating</td><td>97%</td></tr> <tr> <td>Attendees from outside Dunedin</td><td>59%</td></tr> <tr> <td>Fleetwood Mac 18 November 2015</td><td></td></tr> <tr> <td>Satisfaction rating</td><td>93%</td></tr> <tr> <td>Attendees from outside Dunedin</td><td>59%</td></tr> </table> Please note that at the time of preparing this report the satisfaction rating and attendee numbers for Black Sabbath and the All Blacks v Wales Test are unknown.	Neil Diamond 24 October 2015		Satisfaction rating	97%	Attendees from outside Dunedin	59%	Fleetwood Mac 18 November 2015		Satisfaction rating	93%	Attendees from outside Dunedin	59%
Neil Diamond 24 October 2015													
Satisfaction rating	97%												
Attendees from outside Dunedin	59%												
Fleetwood Mac 18 November 2015													
Satisfaction rating	93%												
Attendees from outside Dunedin	59%												
Establish and operate best practice measures with understanding and support of staff and suppliers.	The Company continues to establish and work towards best practice measures both: - Operationally - In regards to health and safety - Financially - Contractually To ensure that the Company achieves best practice the Company implements a number of processes, including: - Training of staff - Engaging of consultants - Obtaining legal advice where appropriate - Actively engaging with Insurance Broker where appropriate												
Safety													
Zero staff, company contractor and service supplier injuries for all venues under Company management.	During the year there were four injuries. All injuries were classified as minor.												

Performance Targets	Achievements		
Economic			
Financial targets are achieved.	The following was achieved against SOI reported financial measures:		
		Actual \$,000	Target \$,000
	EBITDA and rent	2,568	2,549
	Net Surplus/(Loss)	407	395
	Operating Cash flow	3,457	1,058
	Capital Expenditure	1,440	200
	Term Debt	-	-
	Shareholder's Funds	484	(947)
	Dividend	-	-
Increased economic benefit to Dunedin City from the previous year.	The following economic benefit was derived from the following events in the year under review:		
	Neil Diamond	24-Oct-15	\$ 3.5 m
	Fleetwood Mac	18-Nov-15	\$ 7.4 m
	Black Sabbath	30-Apr-16	\$ 2.7 m
	All Blacks v Wales *	25-Jun-16	\$ 8.2 m
	Total		\$ 21.8 m
	The following economic benefit was achieved in the previous year:		
	NZ Kiwis vs England	8-Nov-14	\$ 2.9 m
	Rod Stewart	11-Apr-15	\$ 6.4 m
	Total		\$ 9.3 m
	* Data was not available at the time of preparing this report, hence an estimate has been made based on the economic impact of the last All Blacks Test held at Forsyth Barr Stadium being vs England on 14 June 2014.		
Increase the number of event days at all facilities under management from the previous year.	A total of 549 events were held over all venues in the 2015/16 financial year. In 2014/15 there were a total of 558 events.		

Performance Targets	Achievements												
Reporting deadlines are met to the satisfaction of the Shareholder.	The Company is required to report to the Shareholder both on a contractual and governance level. At a governance level the Company is required to report: At a governance level: - Monthly via submitting of monthly Board papers - Six monthly via submission of the draft Statement of Intent and six monthly Financial Statements - Annual via submission of the Final Statement of Intent and Annual Financial Statements Contractually the Company is required to submit six monthly reports of both the use of funding for: - The Event Attraction Fund - The Stadium Service Level Agreement The Company met all of it's reporting requirements.												
Monthly financial report presented to the Board. Quarterly detailed Cost Centre reports to the Board. Six monthly Risk Analysis undertaken and reported to the Board.	Monthly financial reports have been presented to the board which includes detailed financial Cost Centre Reports and Risk Analysis.												
For all major events achieve a minimum \$5 million visitor spend for Dunedin City.	The following economic benefit was derived from the following events in the year under review: <table><tr><td>Neil Diamond</td><td>24-Oct-15</td><td>\$ 3.5 m</td></tr><tr><td>Fleetwood Mac</td><td>18-Nov-15</td><td>\$ 7.4 m</td></tr><tr><td>Black Sabbath</td><td>30-Apr-16</td><td>\$ 2.7 m</td></tr><tr><td>All Blacks v Wales *</td><td>25-Jun-16</td><td>\$ 8.2 m</td></tr></table> * Data was not available at the time of preparing this report, hence an estimate has been made based on the economic impact of the last All Blacks Test held at Forsyth Barr Stadium being vs England on 14 June 2014.	Neil Diamond	24-Oct-15	\$ 3.5 m	Fleetwood Mac	18-Nov-15	\$ 7.4 m	Black Sabbath	30-Apr-16	\$ 2.7 m	All Blacks v Wales *	25-Jun-16	\$ 8.2 m
Neil Diamond	24-Oct-15	\$ 3.5 m											
Fleetwood Mac	18-Nov-15	\$ 7.4 m											
Black Sabbath	30-Apr-16	\$ 2.7 m											
All Blacks v Wales *	25-Jun-16	\$ 8.2 m											

Performance Targets	Achievements
Facilities and infrastructure are maintained to the standard required by and funded by the Shareholder.	During the financial year the Company attended regular monthly Board meetings with the Dunedin Venues Limited Board (the Landlord). All maintenance required to maintain warranties at Forsyth Barr Stadium were performed to the requirement of the warranty provider.
Social and Environmental	
Increase the % of recycled waste from the previous year.	A total of 43% (2015: 38%) of waste was recycled during the year.
Service Level Agreement for community funding is applied efficiently and caters to a variety of events and community groups. Initiate opportunities to speak to the community, stakeholders and organisations.	For the year to 30 June 2016 a total of 126 events involving 33,131 attendees (2015: 102 events with 29,070 attendees) had community access funding allocated.
Report to and consult with the Shareholder on matters where the Company's and Shareholder's requirements are in conflict.	The Shareholder is consulted on any matters where the Company and Shareholder are in conflict.

Independent Auditor's Report

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

The Auditor-General is the auditor of Dunedin Venues Management 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 9 to 30, that comprise the statement of financial position as at 30 June 2016, the statement of financial performance, statement of other 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 pages 31 to 34.

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 New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards Reduced Disclosure Requirements.
- 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 29 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.

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

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