

Dunedin Venues Management Limited

**Report for the six months ended
31 December 2014**

Dunedin Venues Management Limited

Contents

For the six months ended 31 December 2014

	Page
Business Directory	1
Directors' Report	2 - 3
Statement of Comprehensive Income	4
Statement of Changes in Equity	5
Statement of Financial Position	6
Statement of Cash Flows	7
Notes to the Financial Statements	8 - 11

Dunedin Venues Management Limited

Business Directory As at 31 December 2014

Incorporated:	31 August 2009
Company number:	2298338
Nature of business:	Venue Management
Location of business:	Forsyth Barr Stadium 130 Anzac Avenue Dunedin 9016
Registered office:	Dunedin City Council 50 The Octagon Dunedin 9016
Directors:	John W Hansen Peter J Hutchison Jennifer H Rolfe Peter G Stubbs Peter J Brown
Shareholder:	Dunedin City Council
Bankers:	Bank of New Zealand Dunedin
Solicitors:	Anderson Lloyd Dunedin Gallaway Cook Allan Dunedin
Auditors:	Audit New Zealand Dunedin

Dunedin Venues Management Limited

Directors' Report

For the six months ended 31 December 2014

Overview of Results

	6 months Dec 2014 \$'000	6 months Dec 2013 \$'000
Total income	3,918	4,104
Operating profit (loss) before rental, tax and subvention receipts	969	1,525
Loss after tax and subvention receipts	(1,031)	(475)
Net cash flows from operating activities	(2,680)	116
Total assets	5,244	5,358

Financial Commentary

Dunedin Venues Management Limited manages the Forsyth Barr Stadium and the Dunedin Centre and Town Hall.

For the period under review the Company reported profit before stadium rental of \$969,000 compared with a profit of \$1,525,000 for the same period last year.

The annual rental of \$4,000,000 payable by the Company to Dunedin Venues Limited is based on an amount put in place by the Dunedin City Council based on a valuation prepared by Darroch dated 1 April 2011.

Results

The Company recorded a net loss after all expenses and tax of \$1,031,000 compared to a loss of \$475,000 for the same period last year. Revenues of \$3,918,000 were earned during the six months and operating expenses incurred before rental to Dunedin Venues Limited were \$2,949,000. A rental of \$2,000,000 was paid to the landlord, Dunedin Venues Limited.

Review of Operations

a) *Forsyth Barr Stadium Activities*

During the period covered in this report the Stadium hosted

- 60 community events
- 2 entertainment events
- 19 amateur and professional sport events
- 56 meetings
- 12 conferences/exhibitions
- 24 social functions

Dunedin Venues Management Limited

Directors' Report continued

For the six months ended 31 December 2014

b) *Dunedin Centre and Town Hall*

This newly refurbished facility has attracted significant and varied use during this period. The following events have been held:

- 12 conferences/exhibitions
- 33 meetings
- 23 social functions
- 23 concerts
- 12 graduations and citizen ceremonies
- 3 community events

Outlook

The Company continues to work with international promoters to attract premier events to Dunedin which has resulted in securing both Rod Stewart and Neil Diamond concerts. Further negotiations are underway with promoters and it is highly likely that additional high quality events will be secured to be held at the stadium over the next 18 months.

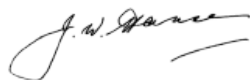
Revenue projections for the Dunedin Centre look healthy with a number of functions being secured in the upcoming twelve months. The Dunedin Centre is a valuable asset to both the Company and Dunedin and the team is actively promoting the facility and securing functions.

The outcome and subsequent approval by Council (subject to the annual consultative process) of the stadium review by the Dunedin City Council was a welcome result for the Company. The review provides financial assurance for the Company.

Financial Statements

The financial statements for the six months ended 31 December 2014 are approved by the directors and signed on behalf of the board by:

Sir John Hansen
Director



Date: 30 January 2015

Peter Hutchison
Director



Date: 30 January 2015

Dunedin Venues Management Limited

Statement of Comprehensive Income For the six months ended 31 December 2014

	Note	6 months to 31/12/14 (unaudited) \$'000	6 months to 31/12/13 (unaudited) \$'000	Year to 30/6/14 (audited) \$'000
INCOME				
Operating revenue		3,903	4,083	9,127
Interest		15	21	25
		<u>3,918</u>	<u>4,104</u>	<u>9,152</u>
EXPENSES				
Audit fees		16	13	25
Depreciation	2	167	170	348
Directors fees		45	44	88
Employee expenses		932	703	1,537
Interest	3	4	57	105
Rental expenses on operating leases		8	8	16
Operating and administration expenses		1,777	1,584	4,320
TOTAL EXPENSES		<u>2,949</u>	<u>2,579</u>	<u>6,439</u>
PROFIT (LOSS) FOR THE PERIOD BEFORE RENTAL, SUBVENTION RECEIPT AND TAXATION		969	1,525	2,713
Stadium rental		(2,000)	(2,000)	(4,000)
Subvention receipt			-	1,229
NET LOSS BEFORE TAX		<u>(1,031)</u>	<u>(475)</u>	<u>(58))</u>
Income tax expense	4	-	-	-
NET LOSS AFTER TAX FROM CONTINUING OPERATIONS		<u>(1,031)</u>	<u>(475)</u>	<u>(58)</u>
Other comprehensive income			-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		<u>(1,031)</u>	<u>(475)</u>	<u>(58)</u>

The accompanying notes form an integral part of these unaudited financial statements.

Dunedin Venues Management Limited

Statement of Changes in Equity For the six months ended 31 December 2014

	Note	6 months to 31/12/14 (unaudited) \$'000 \$	6 months to 31/12/13 (unaudited) \$'000 \$	Year to 30/6/14 (audited) \$'000 \$
EQUITY(DEFICIT) AT START OF PERIOD		(937)	(7,256)	(7,256)
Comprehensive Income				
Net loss after tax		(1,031)	(475)	(58)
TOTAL COMPREHENSIVE INCOME		(1,031)	(475)	(58)
Capital Contribution		720	3,744	6,377
EQUITY (DEFICIT) AT END OF PERIOD		(1,248)	(3,987)	(937)

Dunedin Venues Management Limited

Statement of Financial Position As at 31 December 2014

	Note	31/12/14 (unaudited) \$'000	31/12/13 (unaudited) \$'000	30/6/14 (audited) \$'000
EQUITY				
Share capital	5	7,297	3,944	6,577
Accumulated losses	6	(8,545)	(7,931)	(7,514)
		(1,248)	(3,987)	(937)
CURRENT LIABILITIES				
Trade and other payables		2,024	1,280	4,118
Employee entitlements		143	131	154
Income received in advance		3,069	3,709	2,117
GST payable		-	29	321
Current portion of term loans	7	-	458	5
Finance lease commitments	7	95	95	95
Other advances	7	1,050	1,770	487
		6,381	7,472	7,297
NON CURRENT LIABILITIES				
Term loans	7	-	1,677	-
Finance lease commitments	7	111	196	156
		111	1,873	156
TOTAL EQUITY AND LIABILITIES		5,244	5,358	6,516
CURRENT ASSETS				
Cash and cash equivalents		545	831	2,008
Prepayments		973	369	349
Trade and other receivables		911	1,094	1,211
Taxation refund due		4	9	3
GST refund due		20	-	-
		2,453	2,303	3,571
NON CURRENT ASSETS				
Property, plant and equipment		2,791	3,055	2,945
TOTAL ASSETS		5,244	5,358	6,516

For and on behalf of the Board

Sir John Hansen
Chairman



Date: 30 January 2015

Peter Hutchison
Director



Date: 30 January 2015

Dunedin Venues Management Limited

Statement of Cash Flows

For the six months ended 31 December 2014

	Note	6 months to 31/12/14 (unaudited) \$'000	6 months to 31/12/13 (unaudited) \$'000	Year to 30/6/14 (audited) \$'000
Cash from Operating Activities				
Cash was provided from:				
Receipts from customers		4,535	5,041	8,318
Interest received		15	21	25
Income tax received		-	-	3
Net GST		-	60	352
Subvention receipts		-	-	1,229
		4,550	5,122	9,927
Cash was dispersed to :				
Payments to suppliers		6,883	4,947	7,585
Interest paid		4	57	105
Net GST paid		341		
Income tax paid		2	2	-
		7,230	5,006	7,690
Net cash from Operating Activities	8	(2,680)	116	2,237
Cash from Investing Activities				
Cash was received from				
Advances received		563	-	-
Cash was dispersed to:				
Purchase of property plant and equipment		13	69	138
Net cash from Investing Activities		550	(69)	(138)
Cash from Financing Activities				
Cash was provided from:				
Shareholder capital		720	3,744	6,377
Other loans		-	475	-
			4,219	6,377
Cash was dispersed to:				
Repayment of loans		53	3,972	7,005
Net cash from Financing Activities		667	247	(628)
Net Increase/(decrease) in cash held		(1,463)	294	1,471
Add opening balance		2,008	537	537
Closing balance		545	831	2,008
Represented by:				
Cash and cash equivalents		545	831	2,008

The accompanying notes form an integral part of these unaudited financial statements

Dunedin Venues Management Limited

Notes to the Financial Statements

For the six months ended 31 December 2014

1 REPORTING ENTITY

The unaudited interim financial statements presented are those of Dunedin Venues Management Limited (DVML or the Company).
The principal activity of DVML is venue management.

DVML is a council controlled organisation as defined by the Local Government Act 2002 and is a wholly owned subsidiary of the Dunedin City Council (DCC). DVML is a profit oriented entity, incorporated and domiciled in New Zealand under the Companies Act 1993. The interim financial statements have been prepared in accordance with the requirements of the Local Government Act 2002, which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP), as appropriate for profit oriented entities that qualify for and apply differential reporting.

The Company has taken advantage of all available differential reporting exemptions except for the exemption under NZ IAS 7 *Statement of Cash Flows*.

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

Statement of Compliance

The unaudited interim financial statements are prepared in accordance with Generally Accepted Accounting Practice (NZ GAAP) and comply with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS), as appropriate for profit orientated entities that qualify for and apply differential reporting for interim financial statements (NZ IFRS 34). The interim financial statements should be read in conjunction with the DVML annual report for the year ended 30 June 2014.

Basis of Preparation

The interim financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets.

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

The financial statements are presented in New Zealand dollars.

The same accounting policies and methods of computation are followed in these interim financial statements as were applied in the preparation of the Company's financial statements for the year ended 30 June 2014.

	31/12/2014 (unaudited) \$'000	31/12/2013 (unaudited) \$'000	30/6/2014 (audited) \$'000
2. DEPRECIATION			
Buildings	59	60	121
Furniture & Fittings	-	-	-
Office Equipment	9	7	15
Stadium Equipment	99	103	212
Total	167	170	348
3. INTEREST PAID			
Related parties	-	28	51
Term loans	4	29	54
	4	57	105

Dunedin Venues Management Limited

Notes to the Financial Statements

For the six months ended 31 December 2014

	31/12/2014 (unaudited) \$'000	31/12/2013 (unaudited) \$'000	30/6/2014 (audited) \$'000
4. INCOME TAX EXPENSE			
Net loss for the period	(1,031)	(475)	(58)
Income tax expense (credit) calculated at 28%	(289)	(133)	(16)
Tax effect of the following adjustments			
Non-deductible expenses	-	-	(19)
Non-assessable income	-	-	-
Tax losses not recognised	289	133	35
Tax effect of differences	289	133	16
Tax expense	-	-	-
5. EQUITY – SHARE CAPITAL			
<u>Paid up Ordinary Shares</u>			
7,297,000 Ordinary shares (31/12/13:3,944,000 30/6/14:6,577,000)	7,297	3,944	6,577
<u>Unpaid Ordinary Shares</u>			
There were 10,000,000 shares issued as at 31 December 2014			
6. ACCUMULATED LOSSES			
Balance at beginning of period	(7,514)	(7,456)	(7,456)
Loss for the period net of taxation	(1,031)	(475)	(58)
Balance at the end of the period	(8,545)	(7,931)	(7,514)
7. BORROWINGS			
<u>Term loans</u>			
Loan - John Deere Financial Limited	-	26	5
Loan – Dunedin City Treasury Limited	-	1,111	-
Loan – Cisco Systems Capital (Australia) Pty Limited	-	998	-
	-	2,135	5
<u>Finance lease commitments</u>			
Lease commitments	206	291	251
<u>Short term loans</u>			
Advance Dunedin Venues Limited	400	632	440
Concert Advances	300	-	-
Advance Delta	156	-	-
Advance Aurora Energy Limited	194	1,138	47
	1,050	1,770	487
Total Borrowings	1,256	4,196	743

Dunedin Venues Management Limited

Notes to the Financial Statements

For the six months ended 31 December 2014

	31/12/2014 (unaudited) \$'000	31/12/2013 (unaudited) \$'000	30/6/2014 (audited) \$'000
7			
continued			
Less than one year	1,146	451	587
Repayable between one and two years	95	447	95
Repayable between three and five years	16	722	61
Repayable later than five years	-	515	-

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

The Dunedin City Treasury Limited loan was repaid in the year to 30 June 2014

The Cisco Systems Capital (Australia) PTY Limited loan was repaid in the year to 30 June 2014.

The Cisco Systems Capital (Australia) PTY Limited loan for was repaid in the year to 30 June 2014.

8. RECONCILIATION OF NET LOSS FOR THE PERIOD TO NET CASH FLOWS FROM OPERATING ACTIVITIES

Net loss for the period	(1,031)	(475)	(58)
Add/(less) non-cash items:			
Depreciation	167	170	348
Add/(less) movements in Working Capital Items			
(Increase)/decrease in taxation balance	(1)	(2)	3
(Increase)/decrease in trade and other receivables	303	134	(332)
(Increase)/decrease in GST refund	(341)	60	352
(Increase)/decrease in prepayments	(624)	(289)	135
Increase/(decrease) in trade and other payables	(2,094)	(520)	2,318
Increase/(decrease) in employee benefits	(11)	(75)	(52)
Increase/ (decrease) in income in advance	952	1,113	(477)
Net cash surplus (deficit) from operating activities	<u>(2,680)</u>	<u>116</u>	<u>2,237</u>

9. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 2014 (31/12/2013: nil, 30/6/14: nil)

10. COMMITMENTS

The Company had no significant commitments at balance date. (31/12/13: Nil, 30/6/14: Nil)

Dunedin Venues Management Limited

Notes to the Financial Statements

For the six months ended 31 December 2014

11. RELATED PARTIES

Dunedin Venues Limited

Dunedin Venues Limited is a wholly owned subsidiary of the DCC. During the period DVML incurred use of stadium rental costs of \$2,000,000 (31/12/13: \$2,000,000, 30/6/14: \$4,000,000).

12. GOING CONCERN

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

The Company has recorded a net equity deficit of \$1,248,000 and a net working capital deficit of \$3,928,000 at 31 December 2014. This position is mitigated by the uncalled capital of \$2,703,000 available to the Company.

13. SUBSEQUENT EVENTS

There have been no significant events that have occurred subsequent to balance date.

