Dunedin Venues Management Limited

Annual Report

2014

Contents

Chairman's and Chief Executive's Report

Introduction

The 2013/14 financial year delivered significant results for Dunedin Venues Management Ltd. An increased operating profit, backed up by another positive EBITDA result, is a very encouraging indication of the organisation's improvement over the last 12 months and the forecast for the upcoming year is optimistic.

The Dunedin Centre has been operational for a full year and it has contributed to an increase in the conference business for the city. 19 major conferences were hosted with 4,475 delegates. Dunedin currently has a 4% share of New Zealand's conference business and the organisation is targeting a 1% increase in this business over the next financial year. The accolades from Industry partners regarding the redevelopment have been outstanding.

Darren Burden resigned his position as CEO leaving in December 2013. The Board appointed Terry Davies as CEO in March 2014. Terry joined us from Adelaide where he held the position of Event Strategy Manager with the South Australian Tourism Commission. His career as a professional cricketer with the Glamorgan County Cricket Club in the early 1980s contributed to a successful tenure as Marketing and Membership Manager and then Deputy CEO with the South Australian Cricket Association establishing the Adelaide Oval as one of the leading sporting and entertainment venues in Australia bringing new events including AC/DC, Pearl Jam, Fleetwood Mac and International Rugby Sevens. Terry's strategic commercial role at Etihad Stadium involved revenue generation through all venue membership clubs, corporate hospitality, and sponsorship and this experience will be invaluable for Dunedin Venues Management Limited.

Our Venues hosted a total of 305 events attended by 330,143 people – 2.75 times the population of Dunedin City. More than half of these events were community-orientated utilising the community access funding.

Financial Performance

The Company continues to improve on its financial performance. Profit before rent, subvention receipt and taxation increased from $2.4m last year to $2.7m in the current year. This is a 10.3% increase in the surplus and is extremely pleasing.

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

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

The impact of the Dunedin Centre now being run by the organisation saw an increase in both revenue and expenditure. Revenue for the year increased to $9.1m and expenditure increased to $6.4m. The impact of the Dunedin Centre along with additional events being run out of Forsyth Barr Stadium was the main impetus around the increase in financial performance.

The organisation is continuing to look at means to further increase financial performance. The addition of the Dunedin Centre is a welcome addition to the portfolio of services that the organisation can provide and an area of focus for significant growth potential. The complementary nature of the services that can now be provided between Forsyth Barr Stadium and the Dunedin Centre is consistently being explored and developed and provides exciting opportunities.

Management's constant concentration on revenue generation and operational efficiency is providing good financial rewards for the organisation and bodes well for the future.

Events

In the 12 months to 30 June 2014, Dunedin Venues hosted 330,143 people at 305 events. Many events attracted audiences beyond the city with 60% of attendees at the All Blacks Test visiting from outside of Dunedin.

Summary of Events 2013/14

Forsyth Barr Stadium

	Number of Events	Total Attendance
Community	96	43,413
Entertainment	13	40,614
Sport	39	206,123
	148	290,153

Dunedin Centre

	Number of Events	Total Attendance
Community	8	2635
Concert	48	27,936
Conference	19	4,475
Meeting	82	4,944
	157	39,990

Rugby

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

Forsyth Barr Stadium hosted two All Black Tests in this financial year, both of which were sell-outs at least a week before each match kicked off. Capacity crowds enjoyed great rugby as the All Blacks were the victors against Australia and England.

The Otago ITM Cup team tackled Hawke's Bay for a place in the top two but at the final whistle the score read 29 – 24 and not in Otago's favour. Earlier in the season Otago's outstanding achievement of bringing home the Ranfurly Shield, after a gap of 56 years, had the province celebrating!

The Highlanders had an improved season in 2014, winning eight of their matches; six wins at Forsyth Barr Stadium including three over New Zealand sides. Qualifying for the play-offs, they unfortunately lost their quarter final against the Sharks in Durban. The crowds were down on the previous year with an average attendance of 11,492 in 2014 against 13,970 in 2013. The largest crowd of the season was for the Crusaders match with 18,700 in attendance. 2014 was the first year that The Highlanders played all eight of their regular season matches at Forsyth Barr Stadium.

Other Sports

Forsyth Barr Stadium again has hosted United ASB Premiership football matches and a second NRL pre-season match between the Warriors and Broncos in February satisfied the appetites of southern Rugby League fans.

Concerts

The Otago University Students Association hosted many Orientation week events at Forsyth Barr Stadium, including New Zealand's own Six60 and international artist Tinie Tempah. The relationship with the Otago University Students Association continues to strengthen with plans for hosting major events at next year's Orientation week already underway.

Whilst there were a smaller number of concerts during this financial year, bookings for 2014/15 year have increased with an impressive list of upcoming events on the calendar:

Lorde	29 October 2014
Broods	11 November 2014

Jimmy Barnes	29 November
Kiwis vs England	8 November 2014
Nitro Circus Live	6 February 2015
SOL3 MIO	4 March 2015
Rod Stewart - The Hits	11 April 2015

Entertainment Events
'Ride the Rhythm' returned to Dunedin supported by Bjorn Again singing all the favourite tunes of ABBA to a happy audience. The younger members of our community enjoyed getting turned in to rainbows at the Illuminate Paint Party and taste buds were tantalised at the inaugural Dunedin Craft Beer and Food Festival which returns again this year.

Community
Community events utilising the $750,000 community access funding increased from 4 to 96 events. This reinforces DVML's mandate to ensure access to our outstanding facilities for our community and DVML contributed a further $50,000 in additional community services value. A rather significant event on the community calendar this year was the Regal Rugby Fun Day with guests of honour, their Royal Highnesses the Duke and Duchess of Cambridge. Almost 10,000 royal watchers packed in to the Stadium entertained by local groups ahead of the Royals' arrival where the Duke and Duchess 'coached' the finals of the Ripper Rugby competition with the Duke's team taking out the title.

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 OCS 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
- Bank of New Zealand
- Select Personnel and HR
- Silver Fern Farms
- Coca-Cola Amatil
- Envirowaste
- Fisher & Paykel Appliances
- Whitestone Cheese
- Lion
- TicketDirect
- Scenic Hotel Group
- Anderson Lloyd Lawyers
- Fonterra Brands (Tiptop)
- Cerebos Greggs
- Dunedin Taxis
- Konica Minolta
- Alexander McMillan Trust

We would like to thank the 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 need to go to staff who has worked tirelessly delivering an unrelenting 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.

Sir John Hansen
Chairman

Date: 30th September 2014

Terry Davies
Chief Executive

Date: 30th September 2014

Statutory Information

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 2014.

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 2014

The report covers the financial year 1 July 2013 to 30 June 2014

	$'000
Operating profit for the year	2,713
Less cost of rental for the stadium	(4,000)
	(1,287)
Add subvention payment	1,229
Loss for the year before taxation	(58)
Income tax expense	-
Loss for the year net of taxation	(58)

State of Affairs

The Company recorded a net loss after tax of ($58,000) 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

The impact of two rugby test matches during the year and the inclusion of the Dunedin Centre in the activities of the Company saw operating income increase by 11% to $9,127,000. The net loss for the year was ($58,000) compared to a net loss of ($986,000) in the previous year.
Whilst there was a significant improvement in the operating result for the year, there are still significant challenges for the company in ensuring it meets its financial targets.

Company Management

Terry Davies was appointed as Chief Executive Officer in March 2014 following the resignation of Darren Burden.

Change of Directors

No Director changes occurred during the year.

Outlook

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

Social and Environmental Contributions

The Company continues to maintain a recycling programme incorporating, communications with partners about the intention of the Company to continuiously improve its social and environmental impact, 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 2014 are attached to this report.

Directors' Interest in Contracts

Refer to Directors' Declarations of Interest section on page 9 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:

	Number of Employees	
Remuneration range	**2014**	**2013**
$200,000 - 209,999	-	1
$150,000 - 159,000	-	1
$130,000 - 139,000	1	-
$120,000 - 129,999	1	1
$110,000 - 119,999	1	1

Directors' Remuneration

Director	**Responsibility**	**Remuneration**	
		2014	**2013**
		$’000	**$’000**
Sir John W Hansen	Chairman	24	24
Peter G Stubbs	Deputy Chairman	16	16
Peter J Brown	Director	16	16
Peter J Hutchison	Director	16	16
Jennifer H Rolfe	Director	16	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.

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.

On behalf of the Board of Directors:

Sir J W Hansen **Chairman**	P G Stubbs **Deputy Chairman**
Date: 26 September 2014	26 September 2014

Directors Information

Director	Declarations of Interest
Sir John Hansen (appointed 19 September 2009)	Ruling Panel, Gas Industry Company Limited Trustee, Christchurch Casino Charitable Trust Trustee, Canterbury Youth Development Trust Appeals Council Member, NZ Rugby Football Union Appeal Officer, International Rugby Board Consultant, Legal Issues Centre Law Facility, University of Otago Chairman, Canterbury Clinical & Medical Network Chairman, Canterbury Earthquake Recovery Authority (CERA) review panel Member of the Court of Appeal, Western Samoa Member of the Insurance Ombudsman Commission Chair - NZ Press Council
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
Peter Brown (appointed 19 September 2009)	General Manager – Port Otago Limited Trustee, Fortune Theatre Member, University Centre for Performing Arts Steering Group Member Christmas at the Stadium Trust
Jen Rolfe (appointed 19 September 2009)	Director, Rolfe Limited (Resigned) Director, Daffodil Enterprises Director, NZ Rugby League Managing Director, The Brand Agency (Resigned) Managing Partner and Director, Rainger & Rolfe Member of the Marketing & Steering Committee, Dunedin City Council
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

Statement of Comprehensive Income

For the Year Ended 30 June 2014

	Note	**2014 $'000**	**2013 $'000**
Revenue			
Operating income	3	9,127	8,205
Financial income	4	25	27
Total revenue		9,152	8,232
Less expenses			
Operating expenses	5	4,361	3,589
Depreciation	15	348	310
Directors fees		88	88
Salaries and wages		1,537	1,499
Interest expense	6	105	287
Total expenditure		6,439	5,773
Profit (loss) for the year before rental of stadium, subvention receipt and taxation		**2,713**	**2,459**
Rental of stadium		(4,000)	(4,000)
Subvention receipt	20	1,229	555
Loss for the year before taxation		**(58)**	**(986)**
Income tax (expense) credit	7	-	-
Loss for the year net of taxation		**(58)**	**(986)**
Other comprehensive income		-	-
Total comprehensive loss for the year net of taxation		**(58)**	**(986)**

Statement of Changes in Equity

For the Year Ended 30 June 2014

	Share Capital $'000	Retained Deficits $'000	Total Equity $'000
Balance at 1 July 2013	200	(7,456)	(7,256)
Comprehensive income			
Loss for the year net of taxation	-	(58)	(58)
Other Comprehensive Income	-	-	-
Total comprehensive loss for the year	-	(58)	(58)
Capital Contribution	6,377	-	6,377
Balance at 30 June 2014	6,577	(7,514)	(937)

	Share Capital $'000	Retained Deficits $'000	Total Equity $'000
Balance at 1 July 2012	200	(6,470)	(6,270)
Comprehensive income			
Loss for the year net of taxation	-	(986)	(986)
Other Comprehensive Income	-	-	-
Total comprehensive loss for the year	-	(986)	(986)
Capital Contribution	-	-	-
Balance at 30 June 2013	200	(7,456)	(7,256)

Balance Sheet

As at 30 June 2014

	Note	2014 $'000	2013 $'000
Equity			
Share capital	8	6,577	200
Retained deficits		(7,514)	(7,456)
Total Equity		(937)	(7,256)
Current Liabilities			
Creditors and other payables	9	6,556	4,394
Employee entitlements		154	206
Inter group advances	10	487	4,892
Borrowings	11	100	543
Total current liabilities		7,297	10,035
Non-Current Liabilities			
Borrowings	11	156	2,313
Total non-current liabilities		156	2,313
Total Liabilities		7,453	12,348
TOTAL EQUITY AND LIABILITIES		6,516	5,092
Current Assets			
Cash and cash equivalents	13	2,008	537
Debtors and other receivables	14	1,563	1,400
Total current assets		3,571	1,937
Non-Current Assets			
Property, plant and equipment	15	2,945	3,155
Total non-current assets		2,945	3,155
TOTAL ASSETS		6,516	5,092

On behalf of the Board of Directors:

Sir J W Hansen
Chairman

Date: 26 September 2014

P G Stubbs
Deputy Chairman

26 September 2014

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

Statement of Cash Flows

For the Year Ended 30 June 2014

	Note	2014 $'000	2013 $'000
Cash Flows from Operating Activities			
Cash was provided from			
Receipts from customers		8,318	7,292
Interest received		25	27
Income tax received		3	-
Net GST received		352	42
Subvention payments		1,229	555
		9,927	7,916
Cash was disbursed to			
Payments to suppliers and employees		7,585	9,502
Interest paid		105	287
Income tax paid		-	5
Net GST paid		-	-
		7,690	9,794
Net Cash Inflows / (Outflows) from Operating Activities	16	2,237	(1,878)
Cash Flows from Investing Activities			
Cash was disbursed to			
Purchase of property, plant and equipment		138	7
Net Cash Inflows / (Outflows) from Investing Activities		(138)	(7)
Cash Flows from Financing Activities			
Cash was provided from			
Shareholder capital		6,377	-
Borrowings		-	1,300
Inter group advances		-	866
		6,377	2,166
Cash was disbursed to			
Repayment of inter group advances		4,405	-
Repayment of borrowings		2,505	235
Repayment of finance lease		95	-
		7,005	235
Net Cash Inflows / (Outflows) from Financing Activities		(628)	1,931
Net Increase / (Decrease) in Cash and Cash Equivalents		1,471	46
Cash and cash equivalents at the beginning of the year		537	491
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		2,008	537
Composition of Cash			
Cash and cash equivalents		2,008	537
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		2,008	537

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

Notes to the Financial Statements

For the Year Ended 30 June 2014

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 wholly owned by the ultimate parent Dunedin City Council.

The financial statements of Dunedin Venues Management Limited are for the year ended 30 June 2014.

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 profit orientated entity.

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 1993.

Statement of Compliance

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, the Company has determined that it is a 'tier three' entity. This is because it is not publicly accountable and is not large. This means that the Company can continue to apply NZ IFRS differential reporting for these financial statements, and the Company has chosen to do this. The Company is required to move to 'tier two' and apply the new NZ IFRS Reduced Disclosure Regime for the 2015/16 accounts at the latest, and can decide to move to this regime earlier.

The financial statements were authorised for issue by the Directors on 26 September 2014.

Basis of Accounting

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 exemption under NZ IAS 18 *Revenue* allowing the recording of revenue and expense exclusive of GST
- The exemptions available in NZ IAS 7 *Cash flow statements*
- The exemptions available in NZ IAS 12 *Income taxes*
- 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 2014 and the comparative information for the year ended 30 June 2013.

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.

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 balance sheet 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 income statement in the period in which they are incurred.

Goods and Services 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. Taxable profit differs from net profit as reported in the income statement 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 sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Property, Plant and Equipment

Property plant and equipment are those assets held by the Company for the purpose of carrying on its business activities on an ongoing basis.

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:

	Rate	*Method*
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 sheet 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 income statement.

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 on 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 balance sheet.

Financial Instruments

Financial assets and financial liabilities are recognised on the Company's balance sheet 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 Income Statement 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 balance sheet 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 Balance Sheet.

Prior Period Comparatives

Prior period comparatives have been restated as appropriate to comply with current reporting.

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.

	2014 $'000	2013 $'000
3. OPERATING INCOME		
Income from services and events	9,127	8,205
4. FINANCIAL INCOME		
Interest received from funds on deposit	25	27
5. OPERATING EXPENSES		
Audit fees - for audit of financial statements	25	27
- for other audit services	-	-
Total audit fees	25	27
Rental expense on operating leases	16	16
Bad debts	20	8
Other expenses	4,300	3,538
Total operating expenses	4,361	3,589

	2014 $'000	2013 $'000
6. INTEREST EXPENSE		
Interest - related parties	51	238
Interest - term loans	54	49
Total financial expenses	105	287

7. INCOME TAXES

	2014 $'000	2013 $'000
Income Tax Recognised in Comprehensive Income		
Loss for the year before income tax	(58)	(986)
Income tax expense (credit) calculated at 28% (2013: 28%)	(16)	(276)
Tax effect of following adjustments		
Non-deductible expenses	(5)	22
Non assessable income	-	(105)
Depreciation not included	(14)	(14)
Tax losses not recognised	35	373
Tax effect of differences	16	276
Tax expense	-	-
Effective tax rate	-	-
Comprising		
Current tax benefits	(35)	(373)
Tax losses not brought to account	35	373
Income tax	-	-

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.

8. EQUITY - Share Capital

Called and Fully Paid Up Capital

6,577,000 fully paid ordinary shares (2013: 200,000)	6,577	200

10,000,000 of shares have been issued to the Dunedin City Council at $1 per share. At 30 June 2014 6,577,000 (2013: 200,000) 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.

	2014 $'000	2013 $'000
9. CREDITORS AND OTHER PAYABLES		
Creditor and accrued expenses	4,118	1,800
GST payable	321	-
Income received in advance	2,117	2,594
Total trade and other payables	6,556	4,394

10. INTERGROUP ADVANCES

Shareholder advance from Dunedin City Council	-	3,381
Advance from Dunedin Venues Limited	440	849
Advance from Aurora Energy Limited	47	662
	487	4,892

The shareholder's advance owing to Dunedin City Council is unsecured. This advance represents pre-operating costs of the Company which would normally form part of the capital of the Company. Interest is payable based on an interest rate set at the start of each year. The loan was repaid at the start of the financial year and no interest was payable (2013: 5.27%).

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

11. BORROWINGS (secured)

	2014 $'000	2013 $'000
Current Portion		
Loan – John Deere Financial Limited	5	42
Loan – Dunedin City Treasury Limited	-	105
Loan – Cisco Capital PTY Limited	-	301
Finance Lease	95	95
	100	543
Non Current Portion		
Loan – John Deere Financial Limited	-	5
Loan – Dunedin City Treasury Limited	-	1,056
Loan – Cisco Capital PTY Limited	-	1,000
Finance Lease	156	252
	156	2,313

	2014 $'000	2013 $'000
The repayment period on the borrowings is as follows:		
Less than one year	100	449
Repayable between one to two years	95	432
Repayable between two to five years	61	1,047
Repayable later than five years	-	581
	256	2,509

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

The Dunedin City Treasury Limited loan is secured over temporary seating and incurred a floating interest rate at 5.1% during the year (2013: 5.1%). The loan was repaid during the year.

The Cisco Capital PTY Limited loan is unsecured and incurred an interest rate of 5.1% during the year. The loan was repaid during the year.

12. LEASE COMMITMENTS

(i) Minimum Operating Lease Payments

Payable within one year	4,017	4,017
Payable between one to five years	16,017	16,016
Payable later than five years	48,333	55,633
	68,367	75,666

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 $4,000,000 per annum.

(ii) Minimum Finance Lease Payments

Payable within one year	95	95
Payable between one to five years	156	252
Payable later than five years	-	-
	251	347

13. CASH AND CASH EQUIVALENTS

	2014 $'000	2013 $'000
Cash on hand	4	5
Bank current account	52	196
Deposit accounts	1,952	336
	2,008	537

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.

14. DEBTORS AND OTHER RECEIVABLES

Trade and other receivables	1,560	1,228
Prepayments	-	135
Taxation receivable	3	6
GST receivable	-	31
	1,563	1,400

15. PROPERTY, PLANT AND EQUIPMENT

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
Purchases	-	-	118	10	10	138
Sales	-	-	-	-	-	-
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

2013

	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	81	2,175	-	3,665
Purchases	-	-	6	2	-	8
Sales	-	-	(1)	-	-	(1)
Balance at end of year	1,399	10	86	2,177	-	3,672
Accumulated depreciation						
Balance at beginning of year	62	2	52	91	-	207
Depreciation	123	1	13	173	-	310
	185	3	65	264	-	517
Balance at end of year	1,214	7	21	1,913	-	3,155

	2014 $'000	2013 $'000
16. RECONCILIATION OF NET LOSS FOR THE YEAR TO CASHFLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	(58)	(986)
Items Not Involving Cash Flows		
Depreciation	348	310
Impact of Changes in Working Capital Items		
(Increase) / Decrease in trade and other receivables	(332)	(595)
(Increase) / Decrease in prepayments	135	97
(Increase) / Decrease in taxation receivable	3	(4)
(Increase) / Decrease in GST receivable	31	42
Increase / (Decrease) in GST payable	321	-
Increase / (Decrease) in trade and other payables	2,318	(447)
Increase / (Decrease) in employee entitlements	(52)	15
Increase / (Decrease) in income received in advance	(477)	(310)
Net cash inflows / (outflows) from operating activities	2,237	(1,878)

17. CAPITAL EXPENDITURE COMMITMENTS

The Company had no capital expenditure commitments at year end (2013: $nil).

18. CONTINGENT LIABILITIES

There were no contingent liabilities at year end (2013: $nil).

	2014 $'000	2013 $'000

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 $3,423,000 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

	2014 $'000	2013 $'000
Loans and receivables	3,571	1,937
Financial Liabilities		
Financial liabilities at amortised cost	5,085	9,402

All financial assets and liabilities are recognised at amortised cost.

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:

	2014 $'000	2013 $'000
Advance paid	3,381	-
Interest on advance	-	178
Resource consent fees	-	7
Rates and property rentals and other charges	203	327
Service level agreement	905	750
As at balance date:		
Payable to Dunedin City Council	10	10
Shareholders Advance – refer Note 13	-	3,381

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:

	2014 $'000	2013 $'000
Dunedin Venues Limited		
Advance received	409	204
Rent of stadium	4,000	4,000
As at balance date:		
Payable to Dunedin Venues Limited:		
Rent due	1,000	666
Advance – refer Note 10	440	849
Dunedin City Treasury Limited		
Loan received/(repaid)	(1,161)	(99)
Interest paid	50	61
Interest received	15	
Other payments	3	
As at balance date:		
Payable to Dunedin City Treasury Limited:		
Loan – refer Note 10	-	1,161
Aurora Energy Limited		
Loan received/(paid)	(615)	662
As at balance date		
Payable to Aurora Energy Limited		
Advance – refer Note 10	47	662

In addition, the Company received subvention payments from Dunedin City Council controlled entities. These were as follows:

Dunedin City Council	-	178
Aurora Energy Limited	1,091	377
City Forests Ltd	138	-
	1,229	555

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 plus additional casual lounge tickets totalling $1,000 (2013: $3,000).
• Fund Managers Otago Limited of which Peter J Hutchison is the Managing Director, purchased six Forsyth Barr lounge memberships for $9,000 (2013:$9,000).
• The Company incurred legal costs of $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 operation of Dunedin Venues Management Limited is the subject of a comprehensive review by the shareholder, Dunedin City Council. This review covers the Company's governance and management structures and funding model. The outcome of that review is unknown at the time of the issuance of the financial statements. The Board is aware that this review could impact on the future operation of the Company in adopting the going concern assumption.

The Company has a number of funding arrangements with the Dunedin City Council, including:
• 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
Each of these arrangements plays an integral part in the funding of the operations of the Company and as such are a key component in the adoption of the going concern assumption.

The Company has recorded a net equity deficit of ($937,000) and a net working capital deficit of ($3,726,000) at 30 June 2014. This position is mitigated by the uncalled capital of $3,423,000 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 SHEET DATE

Since balance date, the Company has made calls on 1,440,000 shares of $1 each.

Statement of Service Performance

For the Year Ended 30 June 2014

Performance Targets	Achievements
To report matters of substance to the Shareholder within 5 days of occurrence	The company has contracted in the accounting services of the Dunedin City Council, the 100% shareholder. Through this arrangement the shareholder has an active representation in both the operations and governance of the company.
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 96 community events 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, for example a review of hosting two rugby tests during the year showed a combined total additional expenditure within the city 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

Independent Auditor's Report

To the readers of Dunedin Venues Management Limited's financial statements and statement of service performance for the year ended 30 June 2014

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 statement of service performance of the company on her behalf.

We have audited:

- the financial statements of the company on pages 10 to 28, that comprise the balance sheet as at 30 June 2014, 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 statement of service performance of the company on page 29:

Opinion

Financial statements and statement of service performance

In our opinion:

- the financial statements of the company on pages 10 to 28:
    - comply with generally accepted accounting practice in New Zealand; and
    - give a true and fair view of the company's:
        - financial position as at 30 June 2014; and
        - financial performance and cash flows for the year ended on that date; and
- the statement of service performance of the company on page 29:
    - complies with generally accepted accounting practice in New Zealand; and
    - gives a true and fair view of the company's service performance achievements measured against the performance targets adopted for the year ended 30 June 2014.

A review of the company's operations is being carried out

Without modifying our opinion, we draw your attention to the disclosures made in note 21 on page 28 that outline that the company's operations, including its governance and management structures, and its funding model, are subject to a review that is being carried out by the Dunedin City Council. The outcome of this review is uncertain. In addition, note 21 on page 28 outlines the financial difficulties that are being experienced by the company. We consider these disclosures to be adequate.

Other legal requirements

In accordance with the Financial Reporting Act 1993 we report that, in our opinion, proper accounting records have been kept by the company as far as appears from an examination of those records.

Our audit was completed on 30 September 2014. 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 statement of service performance 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 statement of service performance. 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 statement of service performance. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and statement of service performance 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 statement of service performance that give a true and fair view of the matters to which they relate. We consider internal control 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 all disclosures in the financial statements and statement of service performance; and
- the overall presentation of the financial statements and statement of service performance.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of service performance. Also we did not evaluate the security and controls over the electronic publication of the financial statements and statement of service performance.

In accordance with the Financial Reporting Act 1993, we report that we have obtained all the information and explanations we have required. 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 preparing financial statements and a statement of service performance that:

- comply with generally accepted accounting practice in New Zealand;
- give a true and fair view of the company's financial position, financial performance and cash flows; and
- give a true and fair view of its service performance.

The Board of Directors is responsible for such internal control as it determines is necessary to enable the preparation of financial statements and a statement of service performance 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 statement of service performance, whether in printed or electronic form.

The Board of Directors' responsibilities arise from the Local Government Act 2002 and the Financial Reporting Act 1993.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and section 69 of the Local Government Act 2002.

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.

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