

2016 - 2017

Dunedin Venues Management Limited
Annual Report



DUNEDIN
VENUES

Dunedin Venues Management Limited
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For the Year Ended 30 June 2017

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Dunedin Venues Management Limited
Directory
For the Year Ended 30 June 2017

DIRECTORS

- Raywyn J Lovett
- Peter J Hutchison
- Glenys J Coughlan
- Kevin G Winders

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

This past year has been a very good representation of the volatile nature of our business having three major concerts in the 2015/2016 financial year and then an absence of any major artists for the 2016/2017 financial year. Any year without major concerts filling Forsyth Barr Stadium would usually give cause for concern, however we are reporting a net surplus before taxation of \$401,000 for this past financial year. This has in fact brought immense satisfaction as it shows the strength in an organisation that has diversified itself and created new revenue streams to combat a quiet concert period. In a city of firsts, DVML contributed to this when Forsyth Barr Stadium was converted into an indoor racetrack hosting the D1NZ National Drifting Championships for the first time ever under a roof. The Great Kiwi Home and Living Show was created through a joint venture with Allied Press with an audience of 8,000 in its first weekend. The British and Irish Lions played for the first time at Forsyth Barr Stadium where they were narrowly defeated by the Highlanders. We commenced a new contract managing the University of Otago Oval and the event delivery of the Black Caps v South Africa test match. A new concept in cricket corporate hospitality saw the introduction of the Village Green which was enjoyed by many.

DVML is tasked with creating economic impact for Dunedin City and it is delivering. Since opening the doors of Forsyth Barr Stadium for Rugby World Cup 2011, there has been an estimated \$165m additional spend injected into the local economy from approximately 30 significant events with approximately 60% of attendees of major events coming from outside of the city. We continue to work hard to forge strong commercial relationships and increase utilisation across all of our venues. The Dunedin Centre has again performed well with DVML managing 14 multi-day conferences hosting 3910 delegates. The MBIE Convention Delegate Survey Year to Dec 2016 shows the average spend for all delegates who spent time away from home to attend conferences was \$438 per person per night so this equates to a spend of \$3.4m by delegates (2 night stay) into the city. The value of the conference delegate is often overlooked but should be held in high regard as their spend is significantly higher than the holidaymaker at \$244 per person per night. (International Visitor Survey YE December 2016)

The Dunedin City Council's Residents Opinion Survey 2016 shows increased satisfaction levels of 88% for Forsyth Barr Stadium and 86% for the Dunedin Centre. The Community Access Grant ensured local groups enjoyed the facilities with a variety of events hosted - 79 community events with 43,979 attendees. We are thankful to all of our clients who utilise our facilities throughout the year.

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.

We wish to acknowledge and thank our partners and sponsors who are an integral part of our journey as we continue to develop, grow and succeed in our business.

We would like to publicly thank the Board and our staff who make significant contributions across all aspects of the business and we would not have had such a successful year without their efforts.

The final acknowledgement and thank you goes to all of those of have supported and attended events at our venues throughout the year. We strive to create a diverse and interesting event **calendar where everyone can find something that appeals. The next 12 months' events are** being confirmed and we are excited about what will be coming up.

Raewyn Lovett
Chairperson



6 September 2017

Terry Davies
Chief Executive



6 September 2017

Dunedin Venues Management Limited
Statutory Information
For the Year Ended 30 June 2017

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 2017.

Principal Activities of the Company

The organisation is an events and venues management company.

Results for the Year Ended 30 June 2017

The report covers the financial year 1 July 2016 to 30 June 2017.

	\$'000
Profit/(Loss) for the year before taxation	401
Income tax expense	102
Profit/(Loss) for the year after taxation	<u>299</u>

State of Affairs

The Company recorded a net profit after tax of \$0.299 million for the year.

Changes in Accounting Policies

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

Review of Operations

Net surplus before taxation and subvention was \$0.40 million for the year compared to \$0.57 million for the previous year.

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

Change of Directors

There were no changes in Directors 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, alternative environmentally-friendly products being used, visual displays, improved clean up procedures and clearly identifiable recycling stations.

Dunedin Venues Management Limited
 Statutory Information
 For the Year Ended 30 June 2017

Financial Statements

The audited financial statements for the year ended 30 June 2017 are attached to this report.

Directors Interest in Contracts

Refer to Directors Declarations of Interest section on page 7 and the related parties' transactions on pages 24 to 26.

Auditors

The Controller and Auditor general has contracted the audit to Audit New Zealand. Auditors remuneration is set out in the statement of financial performance on page 9.

Employee Remuneration

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

Remuneration range	Number of Employees	
	2017	2016
\$350,000 - 359,999	1	-
\$270,000 - 279,999	-	1
\$160,000 - 169,000	2	-
\$140,000 - 149,000	-	1
\$120,000 - 129,999	1	-
\$110,000 - 119,999	1	1
\$100,000 - 109,999	1	-

Directors' Remuneration

Director	Responsibility	Remuneration	
		2017 \$'000	2016 \$'000
Raywyn J Lovett	Chairperson	26	22
Peter J Hutchison	Director	17	17
Glenys J Coughlan	Director	17	8
Kevin G Winders	Director	17	8
Alan McConnon	Director (resigned effective 30 October 2015)	-	5
Peter G Stubbs	Director (resigned effective 28 September 2015)	-	4
Graham Crombie	Director (resigned effective 1 February 2016)	-	3

Dunedin Venues Management Limited
Statutory Information
For the Year Ended 30 June 2017

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 2017

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 Director, Mortgage Funds Managers Limited Chair, SSF New Zealand Limited Chair, KWH Limited Chair, New Zealand Syndication Group Limited Director, 67 Courtenay Street Limited 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)	CEO, Port Otago Limited Director, Icon Logistics Limited Director, Hamilton Porter JV Limited

Dunedin Venues Management Limited
Statement of Responsibility
For the Year Ended 30 June 2017

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

The Board of Dunedin Venues Management Limited accepts 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 2017 fairly reflect the financial position and operations of Dunedin Venues Management Limited.

Peter Hutchison
Director



6 September 2017

Kevin Winders
Director



6 September 2017

Dunedin Venues Management Limited
Statement of Profit or Loss
For the Year Ended 30 June 2017

	<i>Note</i>	2017 \$'000	2016 \$'000
Revenue			
Operating revenue		13,723	12,739
Interest received from funds on deposit		22	19
Total revenue		<hr/> 13,745	<hr/> 12,758
Less expenses			
Operating expenses		8,296	6,955
Audit fees - for audit of financial statements		29	29
Rental expense on operating leases		-	16
Bad debts		(54)	50
Depreciation & impairment	9	555	1,152
Directors fees		77	67
Salaries and wages		2,441	1,893
Interest expense		-	28
Rental of Stadium		2,000	2,000
Total expenditure		<hr/> 13,344	<hr/> 12,190
Profit/(Loss) for the Year before Taxation		401	568
Income tax expense/(credit)	3	102	161
Profit/(Loss) for the Year after Taxation		<hr/> 299	<hr/> 407

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 2017

	<i>Note</i>	2017 \$'000	2016 \$'000
Profit for the year after taxation		299	407
Total Comprehensive Profit after Taxation		<u>299</u>	<u>407</u>

Dunedin Venues Management Limited
Statement of Changes in Equity
For the Year Ended 30 June 2017

		2017 \$'000	2016 \$'000
Movements in Equity			
Opening Balance		484	(483)
Capital contribution	4	300	560
Total Comprehensive Profit after Taxation		299	407
Closing Balance		<u>1,083</u>	<u>484</u>

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

Dunedin Venues Management Limited
Statement of Financial Position
As at 30 June 2017

	<i>Note</i>	2017 \$'000	2016 \$'000
Current Assets			
Cash and cash equivalents		198	2,224
Trade and other receivables	6	1,969	1,212
Advance to Dunedin Stadium Property Limited		-	177
Total Current Assets		<u>2,167</u>	<u>3,613</u>
Non-Current Assets			
Property, plant and equipment	9	2,018	2,066
Deferred tax	10	267	242
Total Non-Current Assets		<u>2,285</u>	<u>2,308</u>
TOTAL ASSETS		<u>4,452</u>	<u>5,921</u>
Current Liabilities			
Trade and other payables	7	2,963	4,971
Employee entitlements		133	104
Total Current Liabilities		<u>3,096</u>	<u>5,075</u>
Non-Current Liabilities			
Income in advance		273	362
Total Non-Current Liabilities		<u>273</u>	<u>362</u>
Equity			
Share capital	4	8,877	8,577
Retained deficits	4	(7,794)	(8,093)
Total Equity		<u>1,083</u>	<u>484</u>
TOTAL EQUITY AND LIABILITIES		<u>4,452</u>	<u>5,921</u>

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 2017

	Note	2017 \$'000	2016 \$'000
Cashflows from Operating Activities			
<i>Cash was provided from</i>			
Receipts from customers		12,746	13,473
Interest received		22	19
		<u>12,768</u>	<u>13,492</u>
<i>Cash was disbursed to</i>			
Payments to suppliers and employees		14,321	10,372
Interest paid		-	28
Income tax paid/received		364	(6)
Subvention payments		75	(419)
Net GST paid		4	60
		<u>14,764</u>	<u>10,035</u>
Net Cashflow from Operating Activities	5	<u>(1,996)</u>	<u>3,457</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		507	1,440
Net Cashflow from Investing Activities		<u>(507)</u>	<u>(548)</u>
Cashflows from Financing Activities			
<i>Cash was provided from</i>			
Shareholder capital		300	560
		<u>300</u>	<u>560</u>
<i>Cash was disbursed to</i>			
Repayment of inter group advances		(177)	753
Repayment of finance lease		-	82
Advances		-	600
		<u>(177)</u>	<u>1,435</u>
Net Cashflow from Financing Activities		<u>477</u>	<u>(875)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents		(2,026)	2,034
Opening Cash and Cash Equivalents		2,224	190
Closing Cash and Cash Equivalents		<u>198</u>	<u>2,224</u>
Composition of Cash and Cash Equivalents			
Cash on hand		4	4
Bank current account		294	220
Deposit/(overdraft) accounts		(100)	2,000
Cash and Cash Equivalents at the end of the Year		<u>198</u>	<u>2,224</u>

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.

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 2017

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 Dunedin City Holdings Limited.

The financial statements of Dunedin Venues Management Limited are for the year ended 30 June 2017.

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

The primary objective of Dunedin Venues Management Limited is to manage and maintain Forsyth Barr Stadium and the Dunedin Town Hall/Dunedin Centre, along with turf management at the University of Otago Oval.

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 06 September 2017.

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 2017 and the comparative information 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 term of 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.

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 2017

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 profit and loss 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 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 2017

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%	Straight line & Diminishing value
Furniture and fittings	7% - 18%	Straight line
Office equipment	12% to 80%	Straight line & Diminishing value
Plant & equipment	8% to 67%	Straight line & Diminishing value
Motor vehicles	13% to 20%	Straight line & Diminishing value

Dunedin Venues Management Limited
Notes to the Financial Statements
For the Year Ended 30 June 2017

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 cash and cash equivalents in current assets 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 2017

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

There has been no other changes in accounting policies. All 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 2017

	2017 \$'000	2016 \$'000
3 INCOME TAXES		
Income Tax Recognised in Comprehensive Income		
Profit/(Loss) for the year before taxation	401	568
Income tax expense (credit) calculated at 28% (2016: 28%)	112	159
<i>Tax effect of following adjustments</i>		
Non-deductible expenses	(10)	2
Non assessable income	-	-
Tax losses utilised	-	-
Tax effect of differences	<u>(10)</u>	<u>2</u>
Tax expense	<u>102</u>	<u>161</u>
Represented by:		
Current Tax Provision	127	374
Deferred Tax Provision	<u>(25)</u>	<u>(213)</u>
	<u>102</u>	<u>161</u>

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 2017

	2017 \$'000	2016 \$'000
4 EQUITY - Share Capital		
Called and Fully Paid Up Capital		
8,877,065 fully paid ordinary shares (2016: 8,577,065)	<u>8,877</u>	<u>8,577</u>

10,000,000 shares have been issued to the Dunedin City Holdings Limited at \$1 per share. At 30 June 2017 8,877,065 (2016: 8,577,065) 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.

	2017 \$'000	2016 \$'000
Retained Deficits		
Opening Balance	(8,093)	(8,500)
Profit for the year after taxation	299	407
	<u>(7,794)</u>	<u>(8,093)</u>

	2017 \$'000	2016 \$'000
5 RECONCILIATION OF NET LOSS FOR THE YEAR TO CASHFLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) for the year after taxation	299	407
<i>Items Not Involving Cashflows</i>		
Depreciation & Impairment	555	1,152
<i>Impact of Changes in Working Capital Items</i>		
(Increase)/Decrease in trade and other receivables	(909)	958
(Increase)/Decrease in prepayments	152	496
(Increase)/Decrease in subvention receivable	-	414
(Increase)/Decrease in taxation receivable	-	6
(Increase)/Decrease in deferred tax	(25)	(213)
Increase/(Decrease) in GST payable	(4)	(60)
Increase/(Decrease) in trade and other payables	(1,713)	138
Increase/(Decrease) in taxation payable	(379)	379
Increase/(Decrease) in subvention payable	67	-
Increase/(Decrease) in employee entitlements	29	4
Increase/(Decrease) in income received in advance	(68)	(224)
Net cashflows from operating activities	<u>(1,996)</u>	<u>3,457</u>

The significant movement in operating cashflows between 2017 and 2016 is a result of the timing of cash transactions from the All Blacks vs Wales Test Match and concerts in 2016, along with a decrease in the Earnings before Interest, Tax and Depreciation between years.

Dunedin Venues Management Limited
Notes to the Financial Statements
For the Year Ended 30 June 2017

	2017 \$'000	2016 \$'000
6 TRADE AND OTHER RECEIVABLES		
Trade and other receivables	1,891	982
Accrued income and prepayments	78	230
	<u>1,969</u>	<u>1,212</u>
	2017 \$'000	2016 \$'000
7 TRADE AND OTHER PAYABLES		
Trade payables	1,596	3,309
GST payable	(28)	(24)
Taxation payable	-	379
Subvention payable	67	-
Income received in advance	1,328	1,307
	<u>2,963</u>	<u>4,971</u>
	2017 \$'000	2016 \$'000
8 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	18,167	20,167
	<u>28,167</u>	<u>30,167</u>

The Company has entered into a rental agreement with Dunedin Stadium Property 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.

Dunedin Venues Management Limited
Notes to the Financial Statements
For the Year Ended 30 June 2017

9 PROPERTY, PLANT AND EQUIPMENT

	2017					Total
	Leasehold Alterations \$'000	Furniture & Fittings \$'000	Office Equipment \$'000	Stadium Equipment \$'000	Motor Vehicles \$'000	\$'000
Cost or Valuation						
Balance at beginning of year	309	493	231	2,997	38	4,068
Additions	130	-	31	346	-	507
Disposals	-	-	-	-	-	-
Balance at end of year	439	493	262	3,343	38	4,575
Accumulated depreciation						
Balance at beginning of year	66	57	174	1,697	8	2,002
Depreciation	27	52	55	416	5	555
Impairment	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
	93	109	229	2,113	13	2,557
Balance at end of year	346	384	33	1,230	25	2,018
	2016					Total
	Leasehold Alterations \$'000	Furniture & Fittings \$'000	Office Equipment \$'000	Stadium Equipment \$'000	Motor Vehicles \$'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	309	493	231	2,997	38	4,068
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)
	66	57	174	1,697	8	2,002
Balance at end of year	243	436	57	1,300	30	2,066

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

Dunedin Venues Management Limited
Notes to the Financial Statements
For the Year Ended 30 June 2017

10 DEFERRED TAX

	2017 \$'000	2017 \$'000	2017 \$'000	2017 \$'000	2017 \$'000	2017 \$'000
	Opening Balance Sheet	Charged to Equity	Charged to Income	Closing Balance Sheet		Net
				Assets	Liabilities	
Property, plant and equipment	162		55	217		217
Employee entitlements	29		(2)		27	27
Provisions and adjustments	51		(28)		23	23
	242	-	25	217	50	267

	2016 \$'000	2016 \$'000	2016 \$'000	2016 \$'000	2016 \$'000	2016 \$'000
	Opening Balance Sheet	Charged to Equity	Charged to Income	Closing Balance Sheet		Net
				Assets	Liabilities	
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

11 CAPITAL EXPENDITURE COMMITMENTS

The Company had no capital expenditure commitments at year end (2016: \$nil).

12 CONTINGENT LIABILITIES

There were no contingent liabilities at year end (2016: \$nil).

Dunedin Venues Management Limited
Notes to the Financial Statements
For the Year Ended 30 June 2017

13 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 \$1,122,935 and the **Company's** ability to make calls on this uncalled capital will enable the Company to manage the capital risk.

	2017 \$'000	2016 \$'000
b) Categories of Financial Instruments		
Financial Assets		
Loans and receivables	<u>2,167</u>	<u>3,613</u>
Financial Liabilities		
Financial liabilities at amortised cost	<u>1,768</u>	<u>3,768</u>

All financial assets and liabilities are recognised at amortised cost.

14 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.

Transactions with Dunedin City Council

The Company provided services and traded with Dunedin City Council in respect of the following transactions:

	2017 \$'000	2016 \$'000
Rates and property rentals and other charges	(836)	(747)
Event Attraction Fund	400	400
Service Level Agreements & other revenue	2,162	1,434
	<u>1,726</u>	<u>1,087</u>
<i>As at balance date:</i>		
Payable to Dunedin City Council	67	68
Receivable from Dunedin City Council	261	-
	<u>67</u>	<u>68</u>

Dunedin Venues Management Limited
Notes to the Financial Statements
For the Year Ended 30 June 2017

14 RELATED PARTY TRANSACTIONS (CONTINUED)

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:

	2017 \$'000	2016 \$'000
Dunedin City Treasury Limited		
Interest received	14	-
Interest paid	-	27
Other payments	(7)	1
	<u>7</u>	<u>28</u>
<i>As at balance date:</i>		
Deposit with Dunedin City Treasury		2,000
Overdraft	(100)	
	<u>(100)</u>	<u>2,000</u>
Dunedin Stadium Property Limited		
Management Fee	70	70
Rent of stadium	(2,000)	(2,000)
Expense on charges	(137)	(127)
Net advance paid/(received)	(177)	439
Subventions paid	(75)	-
	<u>(2,319)</u>	<u>(1,618)</u>
<i>As at balance date:</i>		
Receivable from Dunedin Stadium Property Limited:		
Subvention payment payable	(117)	-
Advance	-	177
	<u>(117)</u>	<u>177</u>
Delta Utility Services Limited		
Loan received/(paid)	-	(314)
Membership and other services	52	82
Equipment purchases	(29)	-
Turf services	(6)	-
	<u>17</u>	<u>(232)</u>

At balance date there was \$1,000 outstanding (2016: nil)

Dunedin Venues Management Limited
Notes to the Financial Statements
For the Year Ended 30 June 2017

14 RELATED PARTY TRANSACTIONS (CONTINUED)

	2017 \$'000	2016 \$'000
Aurora Energy Limited		
Other services	3	-
	<u>3</u>	<u>-</u>

At balance date there was no amounts outstanding (2016: nil)

During the year, tax losses of \$1,204,000 from the 2016 year were transferred to other entities in the DCC Group by a subvention payment of \$337,000 and loss offset of \$867,000.

For the 2017 year, there is expected to be a transfer of tax losses of \$506,000 from other entities in the DCC Group, utilised by way of a subventions of \$142,000 and loss offsets of \$364,000.

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:

- **Peter J Hutchison purchased two Forsyth Barr Stadium lounge memberships for \$3,000** (2016: \$3,000). No amounts (2016: nil) were outstanding at balance date.
- **The Otago and Southland Divison of the Cancer Society purchased \$42,000 (2016: \$37,000)** of services from the Company. Peter J Hutchison is the President of the Cancer Society of New Zealand National Office. No amounts (2016: nil) were outstanding at balance date.
- **Kevin G Winders purchased two Forsyth Barr Stadium lounge memberships for \$3,000** (2016: nil). No amounts (2016: nil) were outstanding at balance date.
- **Port Otago Limited of which Kevin G Winders is the Chief Executive Officer, purchased \$12,000 (2016: \$11,000)** of services from the Company. No amounts (2016: nil) were outstanding at balance date.

The remuneration of directors and other members of key management during the year was as follows:

	2017 \$'000	2016 \$'000
Key management remuneration	428	342

15 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 2017

Performance Targets	Achievements
Safety and Compliance	
Health and Safety Plan has been reviewed.	An external Risk, Health and Safety expert reviewed the current system completing a Gap Analysis Report for action. These actions continue to be implemented focused on safety and continuous improvement.
Minimum of 11 Health and Safety Committee meetings held per year.	The Health and Safety Committee formally met on two occasions. As a result of the Gap Analysis Review a number of further collective and individual meetings have taken place involving wider stakeholders.
Engagement of staff on their understanding on Health and Safety procedures.	<p>Staff have been engaged in Health and Safety through the following:</p> <ul style="list-style-type: none"> . Inductions for new staff . Staff rewards for advanced participation . Health and Safety System briefings . Providing Risk and Health and Safety technology platforms to operate from . Health and Safety awareness presentation for staff . Requirement for staff to undertake First Aid training
TIR rate of <2 incidents per 200,000 hours worked.	The TIR was 6.4 incidents per 200,000 hours worked.
Facilities and infrastructure are maintained as fit for purpose and in accordance with the Asset Management Plan (AMP) entered into with Dunedin Stadium Property Limited (DSPL).	<p>To ensure Forsyth Barr Stadium complies with the AMP entered into with DSPL, DVML undertakes the following:</p> <ul style="list-style-type: none"> . Ensure all warranties and compliance at Forsyth Barr Stadium are maintained as per manufacturers specifications and or local legislation . Provide to DSPL for each board meeting updates on the AMP, warranty and compliance and any significant maintenance undertaken . Engages respected service providers to carry out works as part of Service Level Agreements
DVML is not in breach of its statutory obligations.	There were no identified breaches of statutory obligations during the year.

Performance Targets	Achievements																																	
<p>Financial</p> <p>Achieve budget results.</p>	<p>Achievement against forecasted SOI results are as follows:</p> <table border="1"> <thead> <tr> <th></th> <th>Actual \$,000</th> <th>Target \$,000</th> </tr> </thead> <tbody> <tr> <td>EBITDA</td> <td>956</td> <td>962</td> </tr> <tr> <td>Net Profit after Tax</td> <td>299</td> <td>280</td> </tr> <tr> <td>Operating Cash flow</td> <td>(1,996)</td> <td>630</td> </tr> <tr> <td>Capital Expenditure</td> <td>507</td> <td>450</td> </tr> <tr> <td>Term Debt</td> <td>-</td> <td>400</td> </tr> <tr> <td>Shareholder Funds to Total Assets</td> <td>0.24 : 1</td> <td>0.22 : 1</td> </tr> <tr> <td>Dividend</td> <td>-</td> <td>-</td> </tr> </tbody> </table>		Actual \$,000	Target \$,000	EBITDA	956	962	Net Profit after Tax	299	280	Operating Cash flow	(1,996)	630	Capital Expenditure	507	450	Term Debt	-	400	Shareholder Funds to Total Assets	0.24 : 1	0.22 : 1	Dividend	-	-									
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<p>Achieve a 15:1 return on investment of the Event Attraction Fund.</p>	<p>The overall return on investment of the Event Attraction Fund for 2016/17 was :</p> <table border="1"> <thead> <tr> <th>Event</th> <th>Economic Benefit (\$,000)</th> <th>Return</th> </tr> </thead> <tbody> <tr> <td>D1 Drifting</td> <td>800</td> <td>13 : 1</td> </tr> <tr> <td>Black Caps v South Africa</td> <td>1,200</td> <td>9 : 1</td> </tr> <tr> <td>Bulldogs v Warriors</td> <td>2,100</td> <td>11 : 1</td> </tr> <tr> <td>Total</td> <td>\$ 4,100</td> <td>11 : 1</td> </tr> </tbody> </table> <p>A breakdown of the return on investment for the previous financial year was as follows:</p> <table border="1"> <thead> <tr> <th>Event</th> <th>Economic Benefit (\$,000)</th> <th>Return</th> </tr> </thead> <tbody> <tr> <td>Neil Diamond</td> <td>3,500</td> <td>10 : 1</td> </tr> <tr> <td>Fleetwood Mac</td> <td>7,400</td> <td>34 : 1</td> </tr> <tr> <td>Black Sabbath</td> <td>2,700</td> <td>15 : 1</td> </tr> <tr> <td>All Blacks v Wales</td> <td>8,300</td> <td>N/A</td> </tr> <tr> <td>Total</td> <td>\$ 21,900</td> <td>18 : 1</td> </tr> </tbody> </table>	Event	Economic Benefit (\$,000)	Return	D1 Drifting	800	13 : 1	Black Caps v South Africa	1,200	9 : 1	Bulldogs v Warriors	2,100	11 : 1	Total	\$ 4,100	11 : 1	Event	Economic Benefit (\$,000)	Return	Neil Diamond	3,500	10 : 1	Fleetwood Mac	7,400	34 : 1	Black Sabbath	2,700	15 : 1	All Blacks v Wales	8,300	N/A	Total	\$ 21,900	18 : 1
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<p>Economic benefit to Dunedin City is increased.</p>	<p>Total Economic Benefit generated at Forsyth Barr Stadium was \$4.1 million (2016: \$21.9 million). There were 3 major concerts in the 2015/16 financial year and one All Blacks test match which resulted in the high economic impact figure for 2015/16. As there were no concerts or an All Blacks test match in 2016/17, this resulted in the decrease in economic impact between the two years. No economic impact analysis was performed for the Highlanders vs Lions game in June 2017.</p>																																	

Performance Targets	Achievements
<p>Marketing and Business Objectives</p> <p>Improved contribution to DVML's financial performance and reputation for service excellence.</p>	<p>DVML has engaged and worked with a number of suppliers to enhance event experience. Two notable examples were The Village Green experience offered at the Black Caps vs South Africa Test Match, which offered a cutting edge corporate experience. The second was Women You Can Bank On which offered a platform to deliver next generation event experiences and opportunities to showcase our sponsors.</p>
<p>Increasing the number and value of hire days in DVML's venues by 10% as a result of providing a more flexible offering</p>	<p>There was a total of 504 events representing 603 event days during the year. This was slightly below 2016 however all Community Event Funding was fully utilised.</p>
<p>We have established a benchmark for monitoring effectiveness across all digital platforms.</p>	<p>During the year the Company refurbished the company's websites, expanded social media channels including the reach and engagement of content on the social media platforms, integrated digital campaigns into the greater marketing campaign, and expanded into digital media via video content in new media, e.g. on demand advertising, Stuff and Fairfax, and social media platforms.</p>
<p>A full calendar of quality events across all DVML's venues that provide economic benefit and positive community engagement to Dunedin City.</p>	<p>There was a total of 504 events (2016: 549 events) representing 603 event days (2016: 644 event days). Economic benefit from major events at Forsyth Barr Stadium and the University of Otago Oval was \$4.1 million (2016: \$21.9 million)</p>
<p>Survey Commercial Partners for satisfaction level – minimum 80% satisfaction to be achieved.</p>	<p>No survey of commercial partners was conducted in the 2016/17 financial year, it will be completed by the end of 2017.</p>
<p>Achieve a 75% renewal rate for member contracts that are due for renewal in the financial year. Achieve 75 new memberships.</p>	<p>The renewal rate of members contracts up for renewal in 2016/17 was 80%. A total of 142 memberships were sold during the year.</p>
<p>Survey Members for satisfaction level – minimum 80% satisfaction to be achieved.</p>	<p>A survey of members showed Members' satisfaction level of 93%.</p>

Performance Targets	Achievements
Human Resources	
Attract and retain key staff.	Staff turnover was 11% for the year. During the year, two additional positions were created upon securing the University of Otago Oval turf maintenance contract.
Succession plans are in place.	Ongoing staff professional development is focussed on career pathways and succession planning.
Shareholder	
Submit annually DVML's Statement of Intent having given consideration to Dunedin City Council's expectations.	DVML's Statement of Intent was submitted within Dunedin City Holdings Limited timeframes after taking into consideration the requirements of Dunedin City Holdings Limited.
Dunedin City Council satisfaction.	The Dunedin City Council has advised it is satisfied with DVML's reports and communications.
Social and Environmental	
Positive community feedback and less than two LGOIMA requests annually.	There were no LGOIMA requests in the year to 30 June 2017.
Report to the Dunedin City Council 6 monthly on the application of the Service Level Agreement for Community Event Funding to ensure it is applied efficiently and caters to a variety of events and community groups.	Two reports were provided to the Dunedin City Council on the application of the Service Level Agreement for Community Event Funding. One for the 6 months to 31 December 2016 and a further one for the full year to 30 June 2017.
Senior management conduct a minimum of 5 speaking engagements.	Senior management conducted five speaking engagements for the year.

Performance Targets	Achievements																											
Economic Development Strategy																												
Achieve a minimum of \$5m visitor spend per each major event (>10,000 pax) for Dunedin City.	<p>The Economic Impact for major events in the year to 30 June 2017 were as follows:</p> <table border="1"> <thead> <tr> <th>Event</th> <th>Economic Benefit (\$,000)</th> </tr> </thead> <tbody> <tr> <td>D1 Drifting</td> <td>800</td> </tr> <tr> <td>Black Caps v South Africa</td> <td>1,200</td> </tr> <tr> <td>Bulldogs v Warriors</td> <td>2,100</td> </tr> <tr> <td>Total</td> <td>\$ 4,100</td> </tr> </tbody> </table> <p>The Economic Impact for major events for the previous year was as follows:</p> <table border="1"> <thead> <tr> <th>Event</th> <th>Economic Benefit (\$,000)</th> </tr> </thead> <tbody> <tr> <td>Neil Diamond</td> <td>3,500</td> </tr> <tr> <td>Fleetwood Mac</td> <td>7,400</td> </tr> <tr> <td>Black Sabbath</td> <td>2,700</td> </tr> <tr> <td>All Blacks v Wales</td> <td>8,300</td> </tr> <tr> <td>Total</td> <td>\$ 21,900</td> </tr> </tbody> </table>	Event	Economic Benefit (\$,000)	D1 Drifting	800	Black Caps v South Africa	1,200	Bulldogs v Warriors	2,100	Total	\$ 4,100	Event	Economic Benefit (\$,000)	Neil Diamond	3,500	Fleetwood Mac	7,400	Black Sabbath	2,700	All Blacks v Wales	8,300	Total	\$ 21,900					
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Achieve minimum 80% satisfaction rating through surveys of all major events (>10,000 pax).	<p>The following satisfaction and attendance numbers were achieved in the year to June 2017:</p> <table border="1"> <thead> <tr> <th>Event</th> <th>Satisfaction</th> <th>% Attend outside of Dunedin</th> </tr> </thead> <tbody> <tr> <td>D1 Drifting</td> <td>92%</td> <td>47%</td> </tr> <tr> <td>Black Caps v South Africa</td> <td>N/A</td> <td>51%</td> </tr> <tr> <td>Bulldogs v Warriors</td> <td>86%</td> <td>57%</td> </tr> </tbody> </table> <p>No surveys on attendees satisfaction were performed for the Black Caps test match.</p> <p>The following satisfaction and attendance numbers were achieved in the previous year.</p> <table border="1"> <thead> <tr> <th>Event</th> <th>Satisfaction</th> <th>% Attend outside of Dunedin</th> </tr> </thead> <tbody> <tr> <td>Neil Diamond</td> <td>97%</td> <td>59%</td> </tr> <tr> <td>Fleetwood Mac</td> <td>93%</td> <td>59%</td> </tr> <tr> <td>Black Sabbath</td> <td>95%</td> <td>58%</td> </tr> <tr> <td>All Blacks v Wales</td> <td>96%</td> <td>60%</td> </tr> </tbody> </table>	Event	Satisfaction	% Attend outside of Dunedin	D1 Drifting	92%	47%	Black Caps v South Africa	N/A	51%	Bulldogs v Warriors	86%	57%	Event	Satisfaction	% Attend outside of Dunedin	Neil Diamond	97%	59%	Fleetwood Mac	93%	59%	Black Sabbath	95%	58%	All Blacks v Wales	96%	60%
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60% of attendees of all major events (>10,000 pax) to come from outside of Dunedin City.																												

Performance Targets	Achievements
<p>Dunedin City is successful in bidding for major events that gain positive exposure for Dunedin City, create economic benefit and serve the community's needs.</p>	<p>The Company bid for and secured 3 major events at Forsyth Barr Stadium and the University of Otago Oval, being D1 Drifting, Black Caps v South Africa Test Match Cricket and an in season Canterbury Bulldogs vs NZ Warriors NRL game. Additional to this there were 7 major conferences and conventions held at the Dunedin Centre for LGNZ, Volunteer Chief & Deputy Fire Officers, NZ First, NZNO Perioperative Nurses, Sweet Adelines, NZSSD and IPWEA NZ.</p>
<p>Environment Strategy</p>	
<p>Recycled waste is increased by 10% from the previous year.</p>	<p>In the previous year 43% of waste was recycled at the Dunedin Centre and Forsyth Barr Stadium. For the period July 16 to November 30% of waste was recycled. A new waste management Service Provider was engaged in October 2016. Excluding organic recycling a total of 52% of waste was recycled. Including organics the total level of recycling for November 2016 to June 2017 was 70%.</p>
<p>Improve energy efficiency.</p>	<p>A number of initiatives occurred during the year; replacing light fittings as they fail with LED; ensuring any chillers that are not required during off peak periods are being turned off; and a review of gas usage at the Dunedin Centre to ensure efficient usage. The Company engages an external party in the delivery of further operational efficiencies.</p>
<p>Arts and Culture Strategy</p>	
<p>The number of community event days is increased from the previous year.</p>	<p>In both the 2016/17 and the 2015/16 years, the full value of the community access fund was utilised by the community. In 2016/17 this resulted in a total of 79 events with 43,979 people attending or participating. In 2015/16 there was a total of 126 events with 33,131 people attending or participating.</p>

Independent Auditor's Report

To the readers of Dunedin Venues Management Limited's financial statements and performance information for the year ended 30 June 2017

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 performance information of the company on his behalf.

Opinion

We have audited:

- the financial statements of the company on pages 9 to 26, that comprise the statement of profit or loss as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the company on pages 27 to 32.

In our opinion:

- the financial statements of the company on pages 9 to 26:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2017; 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 International Financial Reporting Standards Reduced Disclosure Regime.
- the performance information of the company on pages 27 to 32 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 2017.

Our audit was completed on 6 September 2017. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the performance information, and we explain our independence.

Basis for opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the financial statements and the performance information

The Board of Directors is responsible on behalf of the company for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparing the performance information for the company.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board of Directors is responsible on behalf of the company for assessing the company's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Local Government Act 2002.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit 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.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We evaluate the appropriateness of the reported performance information within the company's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 2 to 7, but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the company in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the company.

A handwritten signature in black ink, appearing to read 'S. Tobin', with a long horizontal line extending from the top of the 'S'.

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