# VENUES ŌTAUTAHI

VENUES ŌTAUTAHI LIMITED ANNUAL REPORT 30 JUNE 2024

# WHERE
# WE
# SUPPORT
# LOCAL

# WHERE WE SUPPORT LOCAL

**70%**

of suppliers and contractors from Canterbury

**82%**

of food procured from Canterbury

**$11.3m**

direct contribution to local suppliers and contractors

**$1.72m**

direct contribution to local food producers and suppliers

**48,405**

Canterbury beers

**37,700**

glasses of Canterbury wine

**1011 Sides**

Akaroa Salmon

**15.2 Tonnes**

Canterbury beef, pork and chicken

**48.6 Tonnes**

Canterbury vegetables

VENUES
ŌTAUTAHI

# WHERE WE SUPPORT LOCAL

**386**

Events Delivered

**642,775**

Guests Welcomed

**Over 600**

Local Staff Employed

**$184k**

of community venue rental support

**$28.1m**

estimated economic impact through visitation

**$41.2m**

estimated direct and indirect economic contribution to Canterbury

VENUES
ŌTAUTAHI

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# CHAIR AND CHIEF EXECUTIVE REPORT

**Our Year in Review**

Venues Ōtautahi delivered a solid operational performance in FY23/24 with the venues both hosting a diverse range of large, medium and smaller scale events both within and outside the portfolio of venues and welcoming substantially more guests than anticipated in the financial year.

The volume of events however is in somewhat contrast to the buoyancy of FY23, being the first full year of trading since Covid-19, with FY24 reflecting a more business as usual level of event activity. Given the make-up and diversity of event types over the year, there were still a wonderful number of guests welcomed across the venues.

There were 386 events held across the venue portfolio, 14 more than the 372 budgeted and over 642,775 guests welcomed to the venues, over 43% more than the 450,000 forecast.

The strength of these operational results demonstrates the continued demand for event and venue experiences, despite the extraordinary pressure on the discretionary dollar and the volatility of the current economic climate. It remains heartening to see the desire for the community to come together to share wonderful experiences in their venues especially as we look forward into a more optimistic year ahead.

The diversity and volume of events across the venue portfolio is also testament to the quality, diversity and flexibility of Ōtautahi, Christchurch's venue infrastructure and with One New Zealand Stadium less than two years away, a wonderful platform to build on as our city becomes the event capital of Aotearoa, New Zealand.

With the business challenged however by the continued volatility of the economic environment and high costs associated with managing large assets, increased shipping, transport and food costs, and the exponential growth of the living wage the financial performance at year end was not as strong as the year prior.

The business ended the year generating over $20m of operating revenue, a $1.76m positive variance against budget. This is a positive result and highlights the impact particularly of a strong March with a number of large unbudgeted events, including SailGP, being delivered and around 20% of annual revenue being generated in this one month alone.

EBITDA to end June 2024 however, despite operating income being well ahead, was behind budget, due to the continued impacts of increased, and predominantly uncontrollable, costs. This includes the unexpected level of increase in insurance premiums (54%, taking annual insurance premiums from $1.4m to $2.34m in FY23/24), utilities (20%), the living wage (9.9%) as well as fluctuating food and shipping costs and the company meeting all Te Kaha pre-opening costs prior to these expenses being offset from any revenue associated with the venue.

Meeting the increased fixed costs of over $6m per annum associated with maintaining the safety, compliance, and operational functionality of the venues, continue to be where the $3m of annual operational support from Christchurch City Council (Council) is prioritised with the remaining around $3m of largely uncontrollable operational asset management and maintenance costs not covered by the Council operating support being met

## Economic and Commercial

The estimated regional economic impact of visitation to Ōtautahi, Christchurch to attend events held across the portfolio of Venues Ōtautahi venues at the conclusion of the FY23/24 financial year was $28.1m, close to the estimated $30m contribution initially forecast.

Celebrating and sourcing local has continued to underpin Venues Ōtautahi's approach to all procurement with 82% of food across the venue portfolio and 70% of all contractors and service providers sourced from Canterbury. This is a direct contribution of over $13m to local suppliers, producers, contractors and service providers to Venues Ōtautahi.

Taking this, and the $28.1m of estimated economic impact through visitation, an estimated $41.2m of direct and indirect contribution to the local economy has been generated through Venues Ōtautahi in FY23/24.

A wonderful result for Ōtautahi and Waitaha and a demonstration of the real purpose of community venues and what underpins Venues Ōtautahi mission, to strategically manage and leverage the venues to deliver positive social, cultural, environmental, and economic benefit to the region.

Of the 386 events delivered across the portfolio, Venues Ōtautahi attracted, planned, and delivered 16 major events* in the FY23/24 financial year, more than target and delivering a large portion of the estimated economic impact to the region.

Wolfbrook Arena hosted 5 major events, 31% of the total, including Disney on Ice and The Wiggles which between the two events attracted over 30,000 guests to the venue in August, Fast5 Netball Series, The Chicks and Matchbox Twenty. In September close to 5,000 guests also supported the Silver Ferns for their Taini Jamison Trophy test match against the England Roses. FY23/24 continuing to showcase the diversity and competitiveness of this venue and the value it adds to the suite of Venues Ōtautahi venues and to the city event attraction proposition

Apollo Projects Stadium hosted 6 major events, 38% of the total, including the Freestyle Kings, Foo Fighters, two sold out One New Zealand Warriors matches, two Football Ferns matches and one Black Ferns match. It was also brilliant to have Apollo Projects Stadium host the Japanese FIFA women's football team for their training and preparations for the FIFA Women's World Cup.

Welcoming the Foo Fighters back to Christchurch was a key highlight for the city and the venue with over 22,000 guests in attendance, 55% being visitors to the Canterbury region.

It was also fantastic to see an incredible season of international cricket hosted at Hagley Oval with 5 matches, including a sold-out Black Caps versus Australia test match and 2 Black Caps versus Pakistan T20 matches, over the season and 31% of the total number of major events attracted, planned and delivered by Venues Ōtautahi in FY23/24.

Venues Ōtautahi was also delighted to partner once again with SailGP for the delivery of all food and beverage for the 2024 event. With over 22,000 guests served across all corporate and retail experiences for the 2 days of the event as well as 5117 meals for the 354 crew and support staff for the lead up to and the event itself, it was again a privilege to showcase the wonderful produce of our region on the global stage.

The demand for business events in FY23/24 continued to be a strong underpin to the event calendar, with over 228 delivered across the venue portfolio.

The high rate of utilisation of the Christchurch Town Hall, which hosted 247 events (64% of all events Venues Ōtautahi delivered) in FY23/24, a constant reminder of the value of the city's fight to restore and refurbish this incredible and iconic city asset.

## Strategic Asset Management

Maintaining the value of the assets on the balance sheet and assuring all venues are safe, operationally functional, compliant and deliver a wonderful guest experience are the underpinning factors to the delivery of the strategic asset management plan for Venues Ōtautahi.

In FY23/24, Venues Ōtautahi continued to prioritise the delivery of the asset management and preventative maintenance plans for all venues with a particular focus on Wolfbrook Arena. The Arena is 26 years old, and, in a period requiring significant asset renewal and improvement to maintain the quality, safety and functionality of the asset.

## Community

Venues Ōtautahi's way of doing business is to be bold, aspirational and kind. Doing good for our community through the generation of economic, social, environmental and cultural benefits is at our very core and the ultimate measurement of success.

The venues are owned by the community and are for the community. Venues Ōtautahi are proud to manage them, and the community is proud to own them.

Venues Ōtautahi maintained a focus during the year on community access to and connection with their venues and continued to support individuals and groups through the provision of discounted venue hire rates at Wolfbrook Arena, the Airforce Museum of NZ, Hagley Oval (Hadlee Pavilion) and the Christchurch Town Hall.

Over the year there were 57 events held at the venues, 12 more than target, attracting a community discount equating to a value of over $184,000.

## Client and Guest Experience

Enhancing the client and guest experience is a core strategic priority of Venues Ōtautahi and the business strives to listen, learn, and evolve to deliver wonderful outcomes for all.

It is pleasing to see on this basis, the financial year client and guest net promoter scores (NPS) ahead of target with an annual Statement of Intent (SOI) target of greater than 45 to be achieved across both.

With client NPS at 81.4 and guest NPS at 57.6 this is a good foundation to build upon as we embark on FY24/25.

## Celebrate and Source Local

The decision to end the long-term outsourced catering partnership with Spotless Services in April 2020, to bring catering in-house and to implement a local procurement strategy for food and beverage continues to have a significant and legacy impact on the business.

Venues Ōtautahi is ideally positioned in the supply chain between its producers and customers and this model shows that large venues can buy local while still maintaining efficient, safe, and effective supply chains.

In FY23/24, Venues Ōtautahi sourced 82.3% of all food delivered across the venue portfolio from Canterbury, 3.5% from the rest of the South Island, 7.3% from the North Island and only 6.9% from overseas. Prior to April 2020, 30% of products were imported, 50% were from the North Island and only 5% were from the Canterbury region.

Procuring locally has not only delivered a positive economic benefit to the region with over $1.7m of direct economic contribution to local producers and suppliers over the year but also means Venues Ōtautahi can provide clients and guests with the best food and beverage experience the region has to offer.

Procuring locally will remain a focus and priority of Venues Ōtautahi with this direct economic contribution to Canterbury suppliers forecast to continue to grow and exponentially from FY26/27. With this approach extending beyond food and beverage to all venue products and services this direct contribution to the Canterbury region is substantial now and will continue to be so.

**Environmental Sustainability**

Caring for the environment using thoughtful and sustainable methods, always acting with future generations in mind, taking a role in contributing to the health, vitality, and sustainability of the social fabric of the region are long term strategic priorities of Venues Ōtautahi.

Environmental sustainability is essential for the long-term viability of major events. In an industry of mass gatherings generating large volumes of waste and in venues with peaks and troughs in activity, taking a strategic approach to sustainability is both a challenge and an opportunity.

Venues Ōtautahi commits to building a culture whereby responsibility for positive sustainability outcomes is embraced by every member of our team, whatever their role or position. The establishment of the Board sustainability subcommittee, Executive Leadership Team sustainability steering group and internal sustainability committee demonstrating the genuine governance, management and team commitment to delivering positive environmental sustainability outcomes.

Venues Ōtautahi has a target of carbon neutrality by 2030. In FY22/23 the baseline carbon emission footprint for the business was established and a carbon reduction roadmap developed. In FY23/24 the execution of the roadmap, to achieve the company's 2030 target, commenced. The roadmap focuses on five key carbon contributors: fuel, electricity, water, waste and refrigerants.

Over the course of FY23/24, Venues Ōtautahi has implemented several key initiatives across these key carbon contributors including establishing a reporting and monitoring platform to track the company's carbon reduction progress.

Key initiatives have included from a waste perspective, a shift to canned beverage products wherever possible, trialling of reuseable cups at all venues, the acceleration of the waste management strategy with respect to waste collection and disposal across all Venues Ōtautahi venues, takeaway coffee cups removed from the Christchurch Town Hall, individual waste bins removed from the corporate office and a centralised waste management system implemented, the project to remove all single use plastics from general use (including pens, notepads, and sauce sachets for example) has commenced and the Christchurch City Mission continue to collect all compliant food waste from events at Apollo Projects Stadium and Wolfbrook Arena.

The continued partnership between E Tipu: The Boma Agri Summit event organisers and Venues Ōtautahi held at the Christchurch Town Hall in June also delivered a 92.7% diversion from landfill, a year-on-year increase in the three years holding the event at the Town Hall (June 2023 - 91%). A great outcome and momentum the business intends to build on.

From an energy and water usage perspective, the project to replace all lighting at Wolfbrook Arena with energy efficient LED lighting (including the sports lights) is complete, motion sensors to improve energy efficiency have been installed and a water meter to measure water usage at Wolfbrook Arena has been installed and will be tested before the installation of a meter at Christchurch Town Hall in mid FY24/25.

With respect to transport fuels, hybrid fleet vehicles and electric vans have been procured.

As a result, Venues Ōtautahi have seen an around 10% reduction in carbon emissions as at the end of FY23/24 versus the FY22/23 baseline.

Looking forward, with around 50% of all Venues Ōtautahi carbon emissions being attributed to Wolfbrook Arena and 39% of the total carbon footprint being the diesel boilers at the venue, the project to replace these has also commenced. Once complete this with have a material impact on Venues Ōtautahi achieving its carbon neutral target by 2030.

**Social Sustainability**

Venues Ōtautahi also strives for social sustainability through contributing positively to the health, vitality and sustainability of the social fabric of the region with this continuing to be a focus in FY23/24.

Ethical and local sourcing of products and services continue to underpin the Venues Ōtautahi culinary services philosophy with over 82% of food procured locally, a commitment to employing local with a team of over 600 casual and permanent Venues Ōtautahi staff, and contribution to a strong regional economy with over $41m of estimated economic benefit to the Canterbury region per annum through events hosted in the Venues Ōtautahi suite of venues and through the Venues Ōtautahi local sourcing model.

Assuring and enabling the same experience for all members of the community in all Venues Ōtautahi venues is a strategic priority of the business and on this basis accessibility and inclusivity are strategic fundamentals in everything we do.

In FY23/24 Venues Ōtautahi extended the company's partnership with Hapai Access Card across all venues. The purpose of Hapai Access Card is to reduce the impact of barriers and expand more accessible services in the community for disabled people and is aimed at being a bridge between the business and the disabled community.

Venues Ōtautahi also commenced a formal partnership with Hidden Disabilities Sunflower, which is a simple tool for guests to voluntarily share they have a disability or condition that may not be immediately apparent – and that you may need a helping hand, understanding, or more time in shops, at work, on transport, or in public spaces.

Social responsibility and supporting those members of our community who need it the most is also core to the philosophies by which Venues Ōtautahi live by. In FY23/24, as in years prior, any food able to be repurposed at the end of events is taken to the local City Mission.

Venues Ōtautahi is also committed to creating a diverse and inclusive culture, and one connected to our cultural heritage where our people are enabled to innovate and find new and better ways of delivering value to clients, guests, and the community at large.

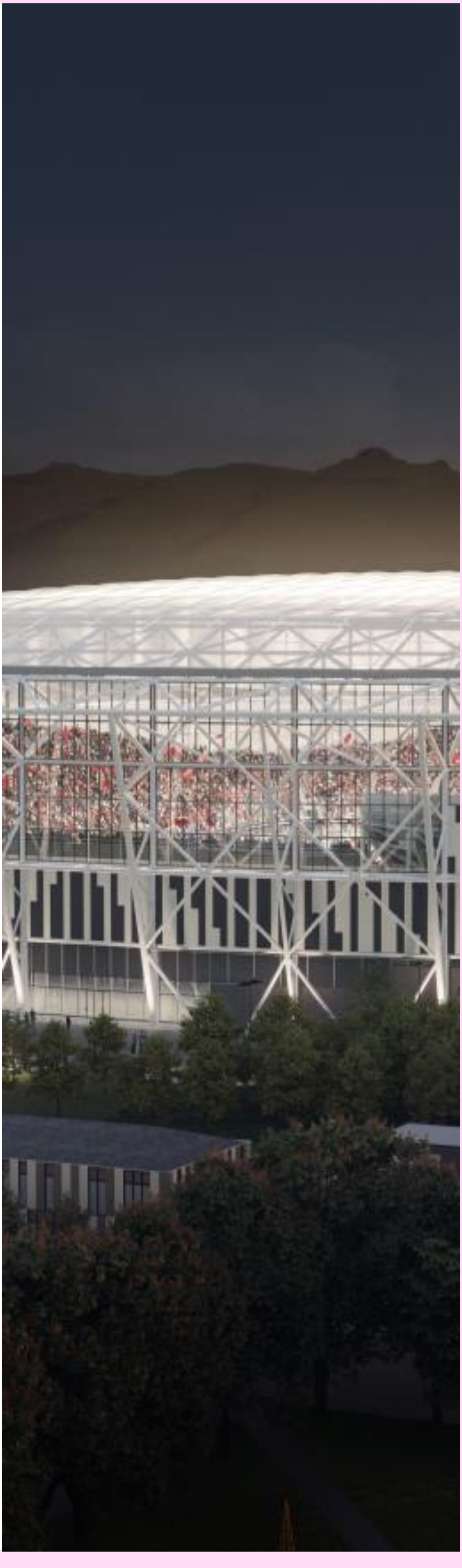
Venues Ōtautahi continue to work on developing a strong partnership with Ngāi Tūāhuriri and on reflecting our cultural heritage in our culinary services offering, our front of house service and guest experience strategy. With the intention as we continue to deepen this partnership into future years, extending to training, development, and employment opportunities. All aspects of this partnership contributing to the economic growth and support to our local Māori community.

**Business Sustainability**

In FY23/24 Venues Ōtautahi continued to focus on building a resilient business underpinned by focus on growth and diversification to not only grow commercial returns but to de-risk the business in times of adversity and assure the company's long term financial viability. This included a focus on delivering culinary and event services for events outside the venue portfolio, such as SailGP.

**Health, Safety and Wellbeing**

The health, safety, and wellbeing of our Venues Ōtautahi team, key delivery partners, clients, guests in the venues and all stakeholders involved with the business is paramount.



Venues Ōtautahi pursue collective and continuous improvement, genuine engagement across the business, have a focus on critical risk and a system underpinned by quality systems and processes to deliver outcomes focused on improving the health and wellbeing of all involved in or with the Venues Ōtautahi business.

A comprehensive overhaul of the Venues Ōtautahi health and safety management system was undertaken in FY22/23 and included the development of a more strategic approach to the identification, management, monitoring, and assurance associated with critical risk.

In FY23/24 Venues Ōtautahi focused on the continued implementation of all recommendations provided through the course of the review with particular focus on developing and embedding the critical risk framework across the business.

This focus on collective and continuous improvement across all aspects of health, safety, and wellbeing and the strategic management of critical risk is a strategic priority and will remain so into the future.

**One New Zealand Stadium at Te Kaha**

Venues Ōtautahi as the operator and asset manager of One New Zealand Stadium has the responsibility for attracting, planning, and delivering entertainment, sporting, business, and community events, for developing a commercial strategy to maximise the opportunity of this stunning new venue for the region, and for managing the asset itself.

In FY23/24 Venues Ōtautahi continued to be intensively engaged in detailed design and as this process neared its conclusion in planning for the next phase, quality assurance.

Venues Ōtautahi will continue this engagement through these remaining phases and importantly, throughout the critical testing and commissioning phases of the new venue prior to its opening in April 2026 with this early engagement invaluable to the long-term success of the venue.

From a design perspective, Venues Ōtautahi continued to assure key design fundamentals of operational functionality, commercial viability, guest experience, accessibility and inclusivity, sustainability, and multi-use functionality are prioritised while concurrently are focused on the importance of the whole of life versus capital trade-offs for One New Zealand Stadium.

In FY23/24, Venues Ōtautahi also continued the execution of the commercial strategy for the new venue with the year ending having concluded negotiations with the now announced naming rights partnership with One New Zealand. This was an exciting milestone for the project and the long-term partnership underpinned by a joint desire to make One New Zealand Stadium the best venue in New Zealand and one delivering significant social, environmental, economic and cultural benefit to the region.

The execution of the sales strategy for all remaining commercial assets, the development and launch of all corporate hospitality offerings and venue membership programme, the execution of all remaining commercial and operational partnerships and the development of the Te Kaha precinct activation plan will all come to fruition in FY24/25.

The attraction of events to One New Zealand Stadium underpins the long-term commercial strategy for the venue with major and business events delivering the most significant economic benefit to the region. Venues Ōtautahi commenced the execution of a strategy for attracting major and business events to One New Zealand Stadium in FY23/24 and as confidence on opening date continues to embed, events will start being confirmed and announced in this coming financial year.

More broadly the company has established an internal programme of projects to assure not only are the commercial outcomes delivered but

also operational readiness for the Stadium is achieved before opening in 2026. This is a significant volume of work and one the team are excited to be sinking their teeth into.

The success of One New Zealand Stadium and the Te Kaha precinct is critical for the city and Venues Ōtautahi feel privileged to be involved in the project and to take care of what is going to be a stunning new venue on behalf of the Canterbury community.

**Reflection and Looking Forward**

As we reflect on a year underpinned by challenging economic conditions but a continued sense of optimism for the future, we would like to acknowledge our Venues Ōtautahi team for your extraordinary efforts in enhancing the guest experience, in giving confidence to our valuable clients and partners, your continued support of one another, your passion for delivering positive outcomes for the community and for your grit and determination.

We would also like to acknowledge our key partners for your continued loyalty and support and for embracing the genuine value in collaboration, connection and most importantly partnership.

Looking forward, with the continued challenges of a volatile economic climate outlook and the need to invest in One New Zealand Stadium in preparation for opening, Venues Ōtautahi will continue to focus on internal cost control, increasing and diversifying revenue streams, supporting and celebrating local and attracting, planning, and delivering those events which deliver the most significant economic benefit to the region.

At the same time, Venues Ōtautahi will not compromise on continuing to focus on enhancing the client and guest experience, prioritising positive social and environmental sustainability outcomes and the health, safety and wellbeing of everyone involved with or visiting Venues Ōtautahi venues, our commitment to paying all Venues Ōtautahi staff at a minimum the living wage, accessibility and inclusivity, maximising the social, cultural, environmental and commercial outcomes of One New Zealand Stadium for the city and assuring the safety, compliance and operational functionality of the venues.

And finally, as always, we remain committed, in close collaboration with our shareholder, Christchurch City Council, to continuing to navigate our way through challenges and to ensuring Venues Ōtautahi keeps getting better, stronger, and more resilient and the venues are the pride and delight of everyone, especially the people of Christchurch who own them.

______________________ 30/09/2024

Chief Executive **Date**

**Caroline Harvie-Teare**

______________________ 30/09/2024

Chair **Date**

**Gill Cox**

**** Major events defined as follows:***

- *Arena: Event attendance > 5000*
- *Stadium: Ticketed events other than Super Rugby and NPC*
- *Hagley Oval: International cricket or large ticketed matches*

# BUSINESS AND FINANCIALOVERVIEW

The Company owns the Christchurch Town Hall and Wolfbrook Arena and manages the Airforce Museum of New Zealand, Apollo Projects Stadium and Hagley Oval (Hadlee Pavilion). Venues Ōtautahi is also responsible for the operation and management of One New Zealand Stadium, due for completion in April 2026.

Venues Otautahi delivered a strong operational performance over the last 12 months however experienced a more challenging year financially with the significant and unexpected increase in insurance (54%), utilities (20%), the living wage (9.9%), earlier than anticipated material repairs and maintenance at Apollo Projects Stadium, as well as increased food and shipping costs.

To minimise rates impact between FY23 and FY25, the company is also meeting all operational pre-opening costs for One New Zealand Stadium with an agreed delay in Council operational support and there being no revenue to offset these costs until the venue is open.

In slight contrast to the buoyancy of FY23, being the first full year of trading since Covid-19, FY24 reflected a more business as usual level of event activity with 386 events delivered across the venue portfolio but given the make-up of event types over the year, a wonderful 642,775 guests welcomed across the venues.

For the year ended 30 June 2024, the Company had a net deficit after tax of $21.6 million (2023: deficit $3 million).

**Financial results summary as follows:**

| | 2024<br>$000 | 2023<br>$000 |
|---|---|---|
| Revenue from exchange transactions | 21,735 | 23,055 |
| Revenue from non-exchange transactions | 3,475 | 4,275 |
| Operating expenses | 26,753 | 25,573 |
| **Net operating surplus/(deficit)** | (1,543) | 1,758 |
| Other revenue from non-exchange transactions | 2,504 | 3,752 |
| Other expenses | (9,054) | (9,674) |
| **Surplus/(deficit) before tax** | (8,095) | (4,165) |
| Income tax income from operations | (13,544) | 1,160 |
| **Net surplus/(deficit)** | (21,639) | (3,005) |

Revenue from exchange transactions were $21.7 million compared to $23.1 million last year. Operating expenses were $26.8 million compared to $25.6 million last year with an increase in costs associated with insurance, utilities, repairs and maintenance, living wage, food and shipping costs.

The company returned to an operating deficit of $1.5 million in the 2024 financial (2023: surplus $1.8 million) with a reduction of operational grants of $0.8m in the 2024 year and the associated increase in uncontrollable costs including insurance and utilities across the venues.

Included in other revenue from non-exchange transactions is the capital grant funding for the company's asset management plan to maintain the venues.

The company received Council operational grants of $3.2 million during the 2024 financial year (2023: $4 million).

Operating cashflows were negative $1 million for the year compared to $13.6 million in the previous year. A subvention receipt of $2.79 million was received in March 2024 (March 2023: $12m).

For and on behalf of the Board.

____________________________________________

**DIRECTOR: Gill Cox**

30/09/2024

**DATE**

____________________________________________

**DIRECTOR: Brent Ford**

30/09/2024

**DATE**

# STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

## FOR THE YEAR ENDED 30 JUNE 2024

| | Note | 2024 $000 | 2023 $000 |
|---|---|---|---|
| Revenue from exchange transactions | 1a | 21,735 | 23,055 |
| Revenue from non-exchange transactions | 1a | 3,475 | 4,275 |
| Expenses | 1b | 15,909 | 15,806 |
| Personnel costs | 1c | 10,844 | 9,767 |
| **Surplus/(deficit) before other non-exchange revenue, other expenses and income tax expense** | | (1,543) | 1,758 |
| | | | |
| **Other non-exchange revenue** | | | |
| Government Covid-19 subsidies and resurgence support payment | | 1 | 21 |
| Council capital grant | 17 | 2,503 | 3,731 |
| **Total other non-exchange revenue** | | 2,504 | 3,752 |
| | | | |
| **Other expenses** | | | |
| Depreciation and amortisation | 7 & 8 | 8,835 | 8,740 |
| Finance costs | | 219 | 934 |
| Loss on disposal of assets | | - | - |
| **Total other expenses** | | 9,054 | 9,674 |
| | | | |
| **Surplus/(deficit) before income tax expense** | | (8,095) | (4,165) |
| | | | |
| Income tax | 2a | (13,544) | 1,160 |
| | | | |
| **Surplus/(deficit) from operations for the year** | | (21,639) | (3,005) |
| | | | |
| **Other comprehensive revenue and expense** | | | |
| Net movement on property valuations | | 13,465 | - |
| Deferred tax movement taken to revaluation reserve | | (3,770) | - |
| **Total other comprehensive revenue and expense** | | 9,695 | - |
| | | | |
| **Total comprehensive revenue and expense** | | (11,944) | (3,005) |

THE ACCOMPANYING POLICIES AND NOTES FORM PART OF THESE FINANCIAL STATEMENTS.

# STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 30 JUNE 2024

| | Capital<br>$000 | Asset revaluation Reserve<br>$000 | Accumulated surpluses / (deficits)<br>$000 | Total<br>$000 |
|---|---|---|---|---|
| **Balance at 1 July 2022** | 244,636 | 32,344 | (73,523) | 203,456 |
| **Total comprehensive revenue and expense for the period** | | | | |
| Surplus/(Deficit) for the year | - | - | (3,005) | (3,005) |
| **Total comprehensive revenue and expense for the year** | - | - | (3,005) | (3,005) |
| **Balance at 30 June 2023** | 244,636 | 32,344 | (76,528) | 200,452 |
| **Total comprehensive revenue and expense for the period** | | | | |
| Surplus/(Deficit) for the year | - | - | (21,639) | (21,639) |
| **Other comprehensive revenue and expense, net of revenue and expense tax** | | | | |
| Net movement on property valuations | | 13,465 | | 13,465 |
| Deferred tax movement taken to revaluation reserve | | (3,770) | | (3,770) |
| **Total comprehensive revenue and expense for the year** | - | 9,695 | (21,639) | (11,944) |
| **Balance at 30 June 2024** | 244,636 | 42,038 | (98,167) | 188,509 |

THE ACCOMPANYING POLICIES AND NOTES FORM PART OF THESE FINANCIAL STATEMENTS.

# STATEMENT OF FINANCIAL POSITION

## FOR THE YEAR ENDED 30 JUNE 2024

| | Note | 2024 $000 | 2023 $000 |
|---|---|---|---|
| **Current assets** | | | |
| Cash and cash equivalents | 16 | 8,193 | 15,358 |
| Trade and other receivables | 3a | 1,049 | 1,210 |
| Other financial assets | 4 | 6,000 | - |
| Inventories | 5 | 468 | 432 |
| Other current assets | 6 | 301 | 224 |
| **Total current assets** | | 16,010 | 17,224 |
| **Non-current assets** | | | |
| Property, plant & equipment | 7 | 233,724 | 226,408 |
| Intangible assets | 8 | 162 | 264 |
| Deferred tax assets | 2d | 2,509 | 3,263 |
| **Total non-current assets** | | 236,395 | 229,936 |
| **Total assets** | | 252,404 | 247,160 |
| **Current liabilities** | | | |
| Trade and other payables | 9a | 2,030 | 3,537 |
| Employee entitlements | 10 | 998 | 855 |
| Borrowings | 11a | - | 2,485 |
| **Total current liabilities** | | 3,028 | 6,877 |
| **Non-current liabilities** | | | |
| Trade and other payables | 9b | 1,628 | 1,722 |
| Borrowings | 11b | 3,185 | 1,400 |
| Deferred tax liabilities | 2d | 56,054 | 36,708 |
| **Total non-current liabilities** | | 60,867 | 39,830 |
| **Total liabilities** | | 63,895 | 46,707 |
| **Net assets** | | 188,509 | 200,452 |
| **Equity** | | | |
| Capital and other equity instruments | 12 | 244,636 | 244,636 |
| Asset revaluation reserve | | 42,038 | 32,344 |
| Accumulated surpluses/(deficits) | | (98,167) | (76,528) |
| **Total equity** | | 188,509 | 200,452 |

THE ACCOMPANYING POLICIES AND NOTES FORM PART OF THESE FINANCIAL STATEMENTS.

**For and on behalf of the Board**

__________________________________ ________________

DIRECTOR: Gill Cox DATE

__________________________________ ________________

DIRECTOR: Brent Ford DATE

# STATEMENT OF CASH FLOWS

## FOR THE YEAR ENDED 30 JUNE 2024

| | Note | 2024 $000 | 2023 $000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Receipts from customers | | 20,984 | 23,195 |
| Subvention received | | 2,785 | 12,000 |
| Council operating grant | | 3,250 | 4,050 |
| Government wage subsidy and resurgence support payment | | 1 | 21 |
| Payments to suppliers and employees | | (27,973) | (25,667) |
| Net GST movement | | (117) | 25 |
| **Net cash provided by (used in) operating activities** | 16 | (1,070) | 13,624 |
| **Cash flows from investing activities** | | | |
| Purchase of investments | | (18,000) | (12,000) |
| Council capital grant | | 2,503 | 3,731 |
| Pre-paid lease rental revenue | | 134 | 134 |
| Payment for property, plant & equipment | | (2,644) | (2,717) |
| Interest received | | 830 | 415 |
| Sale of property, plant & equipment | | - | 12 |
| Maturity of investments | | 12,000 | 18,000 |
| **Net cash provided by (used in) investing activities** | | (5,177) | 7,575 |
| **Cash flows from financing activities** | | | |
| Interest and other finance costs paid to related party | | (218) | (1,116) |
| Loan repayments to related party | | (700) | (12,000) |
| **Net cash provided by (used in) financing activities** | | (918) | (13,116) |
| **Net increase in cash and cash equivalents** | | (7,165) | 8,083 |
| Cash and cash equivalents at beginning of year | | 15,358 | 7,275 |
| **Cash and cash equivalents at end of year** | | 8,193 | 15,358 |

THE ACCOMPANYING POLICIES AND NOTES FORM PART OF THESE FINANCIAL STATEMENTS.

# STATEMENT OF SERVICE PERFORMANCE

| OBJECTIVE & STRATEGY | PERFORMANCE MEASURE | PROGRESS AS AT 30 JUNE 2024 |
|---|---|---|
| Economic Impact | | |
| Attract and manage events that generate positive social, cultural, and economic impact. | Maximise visitor spending by holding at least 15 major ticketed events at Venues Ōtautahi venues[1] | 16 major events were held during the 2024 financial year including Disney on Ice, The Chicks, Fast 5 and Matchbox Twenty at Wolfbrook Arena, Freestyle Kings, Foo Fighters, two Warriors matches, two Football Ferns matches and one Black Ferns match at Apollo Projects Stadium and five international cricket matches at Hagley Oval. |
| Contribute direct economic benefit to the region[2] through implementation of local procurement strategy where commercially viable | 80% of food product lines are procured from Canterbury. | 82% of food product lines were procured from the Canterbury region during the year. |
| Social and Cultural Impact | | |
| Maximise attendance at Venues Ōtautahi venues | Guests to venues exceed 450,000[3] | Total attendance across all venues was 642,775 or 143% of the full year target for the 2024 financial year. This material increase in guest numbers is due to the event portfolio's make-up across the financial year, particularly regarding greater attendance at and number of ticketed events than expected. |
| Make venues available to support local community groups and individuals | At least forty events receive the community rate[4], or the value of community discounts applied equate to at least $100,000 | 57 community groups have received the community rate in the financial year. This equates to $184k of value for the financial year. The number of community events hosted in the venues highlights the continued and increasing desire for the community to embrace and utilize their venues. |
| Client and Guest Experience | | |
| Guest Net Promoter Score (NPS) | Achieve greater than 45 NPS[5] during the year |   Enhancing the client and guest experience is a strategic pillar of the business as reflected in the VO strategic framework. The impacts of those strategic initiatives implemented are reflected in this improved NPS. |
| Client Net Promoter Score (NPS) | Achieve greater than 45 NPS[5] during the year |   Enhancing the client and guest experience is a strategic pillar of the business as reflected in the VO strategic framework. The impacts of those strategic initiatives implemented are reflected in this improved NPS. |

| OBJECTIVE & STRATEGY | PERFORMANCE MEASURE | PROGRESS AS AT 30 JUNE 2024 |
|---|---|---|
| Asset Care | | |
| Ensure assets are maintained at a suitable level for general use at all venues. | Assets are safe, compliant, and operationally functional. | A review of the Asset Management Plan (AMP) has been undertaken with WT Partnership. Some rephasing of larger capital programme items has been required due to venue availability and shipping constraints, noting rephasing does not compromise safety, operational functionality or compliance in the medium term. The AMP with these exceptions is largely on track. |
| Health, Safety and Wellbeing | | |
| Ensure the health and safety of our Venues Ōtautahi team, key delivery partners, clients, guests in the venues and all stakeholders involved with the business. | No serious harm[6] incidents involving critical risks for guests, staff, or third-party[7] stakeholders. | There has been one serious harm incident relating to critical risk, working at height, involving a third-party contractor in the financial year. Any control failures in place to manage critical risk[8], working at height, relating to this incident were identified and addressed with immediate effect. |
| Sustainability and Environment | | |
| Contribute to reducing the City's carbon footprint by achieving target of net carbon neutrality by 2030. | Achieve reduction carbon footprint. | The execution of the VŌ carbon reduction roadmap commenced in the first quarter of FY23/24. A formal partnership with GreenHalo, a carbon reporting system, has been established. At the end of the financial year, a reduction in the overall carbon footprint (for scope one and two category emissions) for Venues Ōtautahi has been achieved. Of note, the tools for the monitoring of refrigerants and water will be established n FY24/25. |
| Governance | | |
| Report to Shareholder | Meet all Local Government Act (LGA) and Council reporting deadlines. | All Local Government Act (LGA) and Council reporting deadlines have been met. |

1. **Major Events are defined as follows:**
   * Arena: Event attendance > 5000
   * Stadium: Ticketed events other than Super Rugby and NPC games
   * Hagley Oval: International cricket or large ticketed matches such as the Black Clash

2. **Region defined as:**
   Christchurch/Canterbury – can include National or International suppliers if their point of origin is Canterbury.

3. **Definition of Guest for Attendance**

   Guest numbers include attendees at events such as concerts and sports (ticketed) events, dinners, conferences, expo's, and trade shows (un-ticketed events). Guest numbers for expos and trade shows are captured using a clicker system at the entry point of the venue.

4. **Community Discount Criteria**

   A community discount is provided to local not for profit, cultural, charity, performing arts, education, community and sporting organisations.

5. **Net Promoter Score**
   * Any Net Promoter Score above 0 is 'good' and means that your audience is more loyal than not.
   * A score above 20 is considered 'favourable'.
   * Anything above 50 is excellent and means the company has considerably more satisfied customers than dissatisfied.
   * An NPS score above 80 is World Class and means customers love you and your company generates a lot of positive word-of-mouth referrals.

   **Categories**

| | | |
|---|---|---|
| Score between | 0 – 6: | Detractors |
| Score between | 7 – 8: | Passives |
| Score of | 9-10: | Promoters |

   **NPS formula:**
   % of promoters less than the % of detractors for the total number of respondents

   **Definition of Guests for NPS**

   Venues Ōtautahi defines a guest for the calculation of the guest net promoter score as follows, guests purchasing tickets for events at Venues Ōtautahi events through Venues Ōtautahi's ticketing partner.

   Venues Ōtautahi distributes guest surveys to all guests who purchase tickets at events through Venues Ōtautahi's ticketing agreement.

6. **Definition of Serious Harm**

   A notifiable injury or illness as defined in section 23 and section 24 of the Health and Safety at Work Act 2015

7. **Definition of Third-Party**

   A third-party is a contractor or supplier to Venues Ōtautahi or a third-party engaged by a client of Venues Ōtautahi involved in the delivery of events across the Venues Ōtautahi portfolio.

8. **Definition of Critical Risk**

   A critical risk is a risk that could seriously hurt or kill our people, our contractors or others who may be affected by our work. The Venues Ōtautahi critical risk framework is made up of 9 critical risks.

## FINANCIAL PERFORMANCE TARGETS

### Full year performance against target

| | 2024 Actual $000 | 2024 Target $000 | Variance $000 |
|---|---|---|---|
| Direct operating income | 20,206 | 18,273 | 1,933 |
| Grant revenue received from Council | 3,250 | 3,250 | - |
| Less: Direct operating expenses | 10,083 | 8,568 | (1,515) |
| Less: Net operating overheads and fixed costs | 14,986 | 13,789 | (1,197) |
| Te Kaha pre-opening costs | 624 | 834 | 210 |
| **EBITDA** | (2,237) | (1,668) | (569) |

The negative EBITDA variance against target reflects the continued impacts of increased uncontrollable costs, including the unanticipated increase in insurance premiums of 54% and utilities of 20% that could not be fully offset by event returns.

### Ratio of shareholders' funds to total assets

The ratio of shareholders' funds to total assets is:

| Actual | Target |
|---|---|
| 74% | 90% |

The main difference in the change in ratio relates to building depreciation deductions which can no longer be claimed for Venues Ōtautahi from 1 July 2024.

Other differences relate to uncontrollable cost increases relating to insurance and utilities in the 2024 financial year and the deferral of a loan repayment of $2.5m to June 2027 as agreed during the 2024-2034 Christchurch City Council (CCC) Long Term Plan.

As Venues Ōtautahi is a June balance date full deductions are available for the 2024 financial year with the only change relating to deferred tax liabilities as of 30 June 2024.

### The capital structure

| | Actual $000 | Target $000 | Variance $000 |
|---|---|---|---|
| Issued shares and other equity instruments | 244,636 | 244,636 | - |
| Debt | 3,185 | 1,400 | (1,785) |
| Total assets | 252,404 | 236,651 | 15,753 |

The debt variance against target relates to the deferral of the principal repayment of $2.49 million on the Lancaster Park historical loan to April 2027, as agreed with CCC in the 2024-34 Long term Plan. A repayment of $700k was instead made in June 2024 on the technology loan held with CCC.

The positive variance for total assets against target relates to the cash reserves at year end mainly relating to the deferral of the loan repayment and carry forward of the asset management plan, including retractable seating replacement which is now planned for FY27 once One New Zealand Stadium is operational.

The cash reserves are required to offset the timing of funding relating to One New Zealand Stadium with pre-opening costs funded by Venues Ōtautahi until the 2026 financial year.

**Facilities rebuild**

| | Actual $000 | Target $000 | Variance $000 |
|---|---|---|---|
| **Facilities repair/rebuild** | | | |
| Asset Management Plan | 1,007 | 1,829 | (822) |
| Operational Equipment | 890 | 674 | 216 |
| | 1,897 | 2,503 | (606) |

The final stage of the Wolfbrook Arena roof strengthening was completed in February 2024.

The Asset Management plan has been independently reviewed during the 2024 financial year, to align with CCC's 2024-2034 Long Term Plan.

The funding received for the capital programme is held in a separate bank account (asset sinking fund, refer to Note 16). Council capital grants are disclosed under other revenue in the Statement of comprehensive revenue and expenses.

# NOTES TO THE FINANCIAL STATEMENTS

1 PROFIT FROM OPERATIONS

## 1a Revenue

| | Note | 2024 $000 | 2023 $000 |
|---|---|---|---|
| **Revenue from exchange transaction** | | | |
| Rendering of services | | 20,166 | 21,969 |
| Interest revenue: | | | |
| Bank deposits | | 779 | 470 |
| **Total interest revenue** | | 779 | 470 |
| Other revenue: | | | |
| Profit on disposals of assets | | 26 | 35 |
| Miscellaneouse revenue | | 764 | 581 |
| **Total other revenue** | | 790 | 616 |
| **Total revenue from exchange transactions** | | 21,735 | 23,055 |
| **Revenue from non-exchange transaction** | | | |
| Rental revenue | | 225 | 225 |
| Council operating grant | 17 | 3,250 | 4,050 |
| **Total revenue from non-exchange transactions** | | 3,475 | 4,275 |

## 1b Operating expenses

| | Note | 2024 $000 | 2023 $000 |
|---|---|---|---|
| Operating expenses: | | | |
| Operating lease expenses - minimum lease payments | | 340 | 275 |
| Food and beverage expenses | | 3,784 | 3,993 |
| Donations | | - | 5 |
| Directors Fees | | 125 | 125 |
| Audit fees | | 107 | 95 |
| Other expenses | | 11,553 | 11,313 |
| **Total operating expenses** | | 15,909 | 15,806 |

## 1c Personnel costs

| | 2024 $000 | 2023 $000 |
|---|---|---|
| Personnel costs: | | |
| Salaries and wages | 10,445 | 9,242 |
| Defined contribution plan employer contributions | 256 | 223 |
| (Decrease)/increase in employee entitlements | 143 | 302 |
| **Total personnel costs** | 10,844 | 9,767 |

Salaries and wages contain no severance payments for the year.

## 2 INCOME TAXES

### 2a Income tax recognised in profit or loss

| | 2024 | 2023 |
|---|---|---|
| | $000 | $000 |
| Tax expense income comprises: | | |
| Current tax (income) | - | - |
| Adjustments to current tax in prior years | - | - |
| Prior year subvention received | (2,785) | (12,000) |
| Deferred tax relating to temporary differences | 16,329 | 10,840 |
| **Total tax income on operations** | 13,544 | (1,160) |

Reconciliation of prima facie income tax:

| | 2024 | 2023 |
|---|---|---|
| | $000 | $000 |
| **Surplus/(deficit) from operations** | (8,094) | (4,165) |
| Income tax calculated at 28% | (2,266) | (1,166) |
| **Non-deductible expenses:** | | |
| Entertainment | 6 | 11 |
| Legal expenses | 5 | 7 |
| Removal of depreciation on buildings tax base | 19,006 | - |
| Capital grant | (701) | - |
| **Non-assessable income:** | | |
| Over / (under) provision of previous year's income tax including subventions and loss offsets | (2,506) | (12) |
| **Income tax income from operations** | 13,544 | (1,160) |

Tax losses of $9.95 million (2023: $42.86m) were transferred to the Christchurch City Council Tax Group by a subvention payment of $2.79 million in March 2024 (2023: $12m) and loss offset of $7.16 million (2023: $30.86m).

Removal of depreciation on buildings tax base relates to a change in legislation removing the ability to depreciate long-life commercial buildings for tax purposes, effective from 1 July 2024 for the company. Tax depreciation on buildings had been previously removed in 2010 and then reinstated in 2020 as part of the Governments COVID-19 Stimulus Package. As the legislation was substantively enacted prior to balance date, the deferred tax position relating to Venues Ōtautahi's building assets had to be updated to reflect this, resulting in a one-off additional $19m impact to tax expense and deferred tax.

### 2b Current tax assets and liabilities

There is no current tax asset or liability in the 2024 financial year (2023: nil)

### 2c Imputation credit account balances

There are no imputation credits available for use in subsequent periods (2023: nil)

## 2 INCOME TAXES (CONT)

### 2d Deferred tax balances

Taxable and deductible temporary differences arise from the following:

| Year ended 30 June 2024 | Opening balance | Charged to income | Charged to other comprehensive income | Closing balance |
|---|---|---|---|---|
| | $000 | $000 | $000 | $000 |
| **Deferred tax liabilities:** | | | | |
| Property, plant & equipment | 36,708 | 15,574 | 3,770 | 56,054 |
| Earthquake recoveries and other items | - | - | - | - |
| **Total deferred tax liabilities** | 36,708 | 15,574 | 3,770 | 56,054 |
| **Deferred tax assets:** | | | | |
| Provisions | 167 | 65 | - | 232 |
| Losses carried forward | 3,097 | (819) | - | 2,277 |
| **Total deferred tax assets** | 3,263 | (754) | - | 2,509 |
| **Net deferred tax liability/(asset) balance** | 33,445 | 16,329 | 3,770 | 53,545 |

| Year ended 30 June 2023 | Opening balance | Charged to income | Charged to other comprehensive income | Closing balance |
|---|---|---|---|---|
| | $000 | $000 | $000 | $000 |
| **Deferred tax liabilities:** | | | | |
| Property, plant & equipment | 34,136 | 2,573 | - | 36,708 |
| Earthquake recoveries and other items | 2,675 | (2,675) | - | - |
| **Total deferred tax liabilities** | 36,811 | (102) | - | 36,708 |
| **Deferred tax assets:** | | | | |
| Provisions | 128 | 39 | - | 167 |
| Losses carried forward | 14,077 | (10,981) | - | 3,097 |
| **Total deferred tax assets** | 14,205 | (10,942) | - | 3,263 |
| **Net deferred tax liability/(asset) balance** | 22,606 | 10,840 | - | 33,445 |

## 3 TRADE AND OTHER RECEIVABLES

### 3a Current trade receivables

| | | 2024 $000 | 2023 $000 |
|---|---|---|---|
| **Exchange transactions** | | | |
| Trade receivables | | 490 | 512 |
| Provision for impairment | 3c | (2) | - |
| **Net trade receivables** | | 488 | 512 |
| Exchange transactions other receivables | | 515 | 228 |
| **Total exchange receivables** | | 1,003 | 740 |
| **Non-exchange transactions** | | | |
| Non exchange transactions related party other receivables | | 43 | 470 |
| GST receivable | | 3 | - |
| **Total non-exchange receivables** | | 46 | 470 |
| **Total current trade and other receivables** | | 1,049 | 1,210 |

The carrying value of debtors and other receivables approximate their fair value.

### 3b Current trade receivables aging

The status of trade receivables as at 30 June 2024 and 2023 are detailed below:

| | 2024 $000 | | | 2023 $000 | | |
|---|---|---|---|---|---|---|
| | Gross $000 | Impairment $000 | Net $000 | Gross $000 | Impairment $000 | Net $000 |
| Not past due | 362 | - | 362 | 464 | - | 464 |
| Past due 31 - 120 days | 128 | (2) | 126 | 48 | - | 48 |
| Past due 91 - 120 days | - | - | - | - | - | - |
| Past due > 120 days | - | - | - | - | - | - |
| **Total** | 490 | (2) | 488 | 512 | - | 512 |

The carrying value of receivables that would otherwise be past due or impaired whose terms have been renegotiated, amount to $2k (2023: nil).

3c **Current trade receivables and other receivable impairment movement**

| | 2024 $000 | 2023 $000 |
|---|---|---|
| Individual impairment | (2) | - |
| **Total impairment** | (2) | - |
| Movement in provision for impairment | | |
| As at 1 July | - | - |
| Additional provisions made during the year | (6) | (14) |
| Provisions reversed during the year | 4 | 13 |
| Receivables written off during the year | - | 1 |
| **Balance at 30 June** | (2) | - |

The expected credit loss rates for receivables at 30 June 2024 are based on the payment profile of trade receivables at the measurement date. Deposits are received in advance for events and given the short period of credit risk exposure, we have determined that the impact of macroeconomic factors is not significant.

## 4 OTHER FINANCIAL ASSETS

**Other current financial assets**

| | 2024 $000 | 2023 $000 |
|---|---|---|
| Term deposits | 6,000 | - |
| **Total other current financial assets** | 6,000 | - |

The carrying amount of term deposits approximates their fair value. None of the financial assets are past due. There were no impairment provisions for other financial assets during the year.

## 5 CURRENT INVENTORIES

| | 2024 $000 | 2023 $000 |
|---|---|---|
| Inventory held to be consumed in the rendering of services | 468 | 432 |
| **Total current inventories** | 468 | 432 |

No inventories are pledged as security for liabilities (2023: nil). There was no write-down of inventories (2023: nil).

## 6 OTHER CURRENT ASSETS

| | 2024 $000 | 2023 $000 |
|---|---|---|
| Prepayments | 301 | 224 |
| **Total other current assets** | 301 | 224 |

## 7 PROPERTY, PLANT & EQUIPMENT

| | Buildings (fair value) | WIP assets | Leasehold improvements | Plant & equipment (cost) | Total |
|---|---|---|---|---|---|
| | $000 | $000 | $000 | $000 | $000 |
| **Gross carrying amount:** | | | | | |
| **Balance at 1 July 2022** | 228,575 | 73 | 232 | 11,315 | 240,195 |
| Additions | 1,901 | - | - | 1,197 | 3,098 |
| Disposals | - | - | - | (64) | (64) |
| Transfer between asset class | 73 | (73) | - | - | - |
| **Balance at 30 June 2023** | 230,549 | - | 232 | 12,448 | 243,229 |
| Additions | 1,786 | 25 | - | 732 | 2,543 |
| Disposals | - | - | - | (333) | (333) |
| Net revaluation | (2,340) | - | - | - | (2,340) |
| **Balance at 30 June 2024** | 229,995 | 25 | 232 | 12,847 | 243,099 |
| **Accumulated depreciation and impairment:** | | | | | |
| **Balance at 1 July 2022** | - | - | (117) | (8,192) | (8,308) |
| Disposals | - | - | - | 63 | 63 |
| Depreciation expense | (7,870) | - | (17) | (689) | (8,575) |
| **Balance at 30 June 2023** | (7,870) | - | (134) | (8,817) | (16,820) |
| Disposals | - | - | - | 333 | 333 |
| Depreciation expense | (7,934) | - | (15) | (743) | (8,692) |
| Reversed on revaluation | 15,804 | - | - | - | 15,804 |
| **Balance at 30 June 2024** | 0 | - | (149) | (9,227) | (9,375) |
| **Net book value as at 30 June 2023** | 222,679 | - | 98 | 3,631 | 226,408 |
| **Net book value as at 30 June 2024** | 229,995 | 25 | 83 | 3,621 | 233,724 |

The buildings total consists of the Christchurch Town Hall and Wolfbrook Arena.

All costs that have been incurred during the 2024 financial year relating to the continuation of the Arena Roof Strengthening and Christchurch Town Hall Restoration Project were capitalised at 30 June 2024.

There is no evidence of impairment in the carrying amount of any property plant & equipment at balance date.

Plant and equipment assets are valued at historical costs less accumulated depreciation.

**Valuation**

An independent valuer, Bayleys Valuations Limited, performed the most recent valuation of the buildings for the Christchurch Town Hall and Christchurch Arena at 30 June 2024. The opinion of the value was arrived at by a registered valuer (FPINZ).

The total fair value of the buildings assessed by Bayleys at 30 June 2024 was $230 million using a depreciated cost approach. There have been no optimisation adjustments for the most recent valuations and the remaining useful life of assets is estimated after considering factors such as the condition of the asset, future maintenance and replacement plans and experience with similar buildings.

PROPERTY, PLANT & EQUIPMENT (CONT)

As part of the valuation process replacement costs were determined using information sourced from Statistics NZ, PPI etc. indices. In line with Venues Ōtautahi's accounting policy, the next valuation will be performed in line with Christchurch City Council's valuation as at 30 June 2027 unless the carrying value of Venues Ōtautahi's buildings is considered to differ materially from their fair value, in which case a revaluation will be undertaken at that time. Until the earlier of these revaluation events, the valuation undertaken in 2024 is considered to be fair and reasonable.

The valuation undertaken by Bayleys was completed in accordance with PBE IPSAS 17 Property, Plant and Equipment.

## 8 INTANGIBLE ASSETS

| | 2024 $000 | 2023 $000 |
|---|---|---|
| **Gross carrying amount:** | | |
| Opening balance | 1,528 | 1,483 |
| Additions | 40 | 45 |
| **Closing gross carrying amount balance** | 1,568 | 1,528 |
| **Accumulated amortisation and impairment:** | | |
| Opening balance | (1,264) | (1,100) |
| Amortisation expense | (142) | (164) |
| **Closing accumulated amortisation and impairment balance** | (1,406) | (1,264) |
| **Total intangible assets** | 162 | 264 |

## 9 TRADE AND OTHER PAYABLES

### 9a Current trade and other payables

| | 2024 $000 | 2023 $000 |
|---|---|---|
| **Exchange transactions** | | |
| Trade payables | 1,060 | 2,053 |
| GST Payable | - | 119 |
| Owing to related parties | 122 | 78 |
| Income in advance | 848 | 1,287 |
| **Current trade and other payables from exchange transactions** | 2,030 | 3,537 |
| **Total current trade and other payables** | 2,030 | 3,537 |

The carrying value of trade and other payables approximates their fair value.

### 9b Non-current trade and other payables

| | 2024 $000 | 2023 $000 |
|---|---|---|
| **Exchange transactions** | | |
| Income in advance | 1,628 | 1,722 |
| **Non-current trade and other payables from exchange transactions** | 1,628 | 1,722 |
| **Total non-current trade and other payables** | 1,628 | 1,722 |

## 10 EMPLOYEE ENTITLEMENTS

| | 2024<br>$000 | 2023<br>$000 |
|---|---|---|
| **Employee Entitlements** | | |
| Accrued salaries and wages | 298 | 199 |
| Annual leave | 635 | 617 |
| Long service leave | 2 | - |
| Lieu time and other leave | 64 | 39 |
| **Total employee entitlements** | 998 | 855 |

## 11 BORROWINGS

### 11a Current borrowings

| | 2024<br>$000 | 2023<br>$000 |
|---|---|---|
| **Unsecured:** | | |
| Loan from related party - Council | - | 2,485 |
| **Total non-current borrowings** | - | 2,485 |

### 11b Non-current borrowings

| | 2024<br>$000 | 2023<br>$000 |
|---|---|---|
| **Unsecured:** | | |
| Loan from related party - Council | 3,185 | 1,400 |
| **Total non-current borrowings** | 3,185 | 1,400 |

The fair value of the non-current borrowing of the Company is $2.97 million (2023: $3.66 million) based on cash flows discounted using the market borrowing rate of 10.00% (2023: 10.00%). Movements relate to interest and principal repayment of $0.92 million combined (2023: $13.12 million).

Interest is payable semi-annually on all borrowings. The interest rate is calculated using the Council's average borrowing cost plus margin. The average interest rate for the loan balance as at 30 June 2024 is 7.26% (2023: 5.61%).

## 12 CAPITAL AND OTHER EQUITY INSTRUMENTS

All shares are $1 shares and are fully paid. There is no uncalled capital. All shares carry equal voting rights. Redeemable preference shareholders have first call on any surplus on winding up of the Company. The A redeemable preference shares may be redeemed by the Company giving the shareholder five working days' notice of the intention to do so. None of the shares carry fixed dividend rights.

| | 2024<br>$000 | 2023<br>$000 |
|---|---|---|
| **Capital and other equity instruments** | | |
| Fully paid ordinary shares | 155,136 | 155,136 |
| Fully paid A redeemable preference shares | 89,500 | 89,500 |
| **Opening and closing balance at end of financial year** | 244,636 | 244,636 |

No additional shares were issued during the financial year ended 30 June 2024.

## 13 CAPITAL COMMITMENTS

The Company had the following capital commitments relating to acquisition of property. plant and equipment at balance date:

Plant and Equipment Nil (2023 Nil)
Buildings Nil (2023 Nil)

## 14 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no material contingent assets or liabilities for the Company as at 30 June 2024 (2023: nil).

## 15 EVENTS AFTER BALANCE DATE

There are no material events known to the Directors occurring after balance date that would have a significant impact on the financial statements for the year ended 30 June 2024.

Of note, the naming rights partnership between Venues Ōtautahi and One New Zealand for Te Kaha Stadium was announced in July 2024. There are no financial impacts of this partnership in FY23/24.

## 16 NOTES TO THE CASH FLOW STATEMENT

| | 2024 $000 | 2023 $000 |
|---|---|---|
| **Cash and cash equivalents** | | |
| Cash on hand | 3,873 | 5,837 |
| Asset sinking fund | 4,320 | 4,521 |
| Call and term deposits | - | 5,000 |
| **Total cash and cash equivalents** | 8,193 | 15,358 |

Reconciliation of surplus / (deficit) for the period to net cash flows from operating activities:

| | | |
|---|---|---|
| **Surplus / (deficit) for the period from operations** | (21,639) | (3,005) |
| **Non cash items** | | |
| Depreciation and amortisation of non-current assets | 8,835 | 8,740 |
| Movement in deferred tax | 16,329 | 10,840 |
| **Items classified as investing / financing activities** | | |
| Movement in capital creditors | (97) | (403) |
| Gain on disposal of property, plant & equipment | (26) | (35) |
| Interest revenue received | (830) | (415) |
| Finance and interest costs paid | 218 | 1,116 |
| Pre-paid lease rental revenue | (134) | (134) |
| Council capital grant | (2,503) | (3,731) |
| **Movement in working capital** | | |
| (Decrease) / increase in creditors | (1,124) | 1,412 |
| (Increase) / decrease in receivables | (64) | (586) |
| Decrease / (increase) in inventory | (36) | (173) |
| **Net cash from operating activities** | (1,070) | 13,624 |

## 17 RELATED PARTY TRANSACTIONS

The Council is the ultimate controlling party of the Company.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favorable than those that it is reasonable to expect Venues Ōtautahi and the Company Group would have adopted in dealing with the party at arm's length in the same circumstances.

Related party disclosures have also not been made for transactions with entities within the Council Group and key management personnel where the transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such group transactions.

Venues Ōtautahi has numerous transactions with the Council throughout the year including, but not limited to, rates, rent and the reimbursement of costs incurred by Council on behalf of Venues Ōtautahi. Material costs include insurance, costs relating to the Christchurch Town Hall restoration project and event delivery costs. Material inflows from Council includes grant revenue, Te Kaha project coordination and consultant reimbursements.

Caroline Harvie-Teare, Chief Executive of Venues Ōtautahi, serves as an advisor to the Te Kaha Project Delivery Board. This position is unpaid. No compensation, benefits, or other financial remuneration were provided for this role.

**Related Party Transactions required to be disclosed.**

Outlined below are the transactions that occurred with group companies during the year that are not considered to be arm's length.

| | 2024<br>$000 | 2023<br>$000 |
|---|---|---|
| **Non-arms length revenue from related parties:** | | |
| Subvention payments received from Council group entities | 2,785 | 12,000 |
| Building lease rental top-up received from Council | 134 | 134 |
| Council operating grant | 3,250 | 4,050 |
| Council capital grant | 2,503 | 3,731 |
| Event contribution from ChristchurchNZ | - | - |
| **Total receipts / receivables from related parties** | 8,672 | 19,915 |
| | | |
| **Non-arms length costs incurred with related parties:** | | |
| Lease of Town Hall land from the Council | 117 | 117 |
| **Total non-arms length costs incurred with related parties:** | 117 | 117 |
| **Year end balances (inclusive of GST)** | | |
| Accounts payable and payment accruals to Council | 107 | 78 |
| Accounts receivable from Council | 43 | 341 |
| Loan advances from Council | 3,185 | 3,885 |

During the year a limited number of house tickets were provided to Councillors and Council staff to attend events at Venues Ōtautahi owned and managed venues.

No provision has been required, nor any expense recognised, for impairment of receivables from related parties (2023: nil).

## 18 KEY MANAGEMENT REMUNERATION

The below table summarises the key management personnel cost for the period:

| | 2024 $000 | Restated 2023 $000 |
|---|---|---|
| *Directors* | | |
| Full -time equivalent members | 5 | 5 |
| Remuneration | 125 | 125 |
| | | |
| *Advisor to Board ** | | |
| Full -time equivalent members | 1 | 1 |
| Remuneration | 24 | 24 |
| | | |
| *Senior management team* | | |
| Full -time equivalent members | 7 | 7 |
| Remuneration - employment contracts | 1,647 | 1,500 |
| **Total full-time equivalent personnel** | 13 | 13 |
| **Total key management personnel renumeration** | 1,796 | 1,649 |

*The Advisor to the Board was not disclosed as key management personnel in the 30 June 2023 financial statements. Subsequent to the authorisation of the 2023 financial statements, the Advisor to the Board has been assessed as key management personnel and the 2023 comparative information has been disclosed in the current year financial statements

## 19 LEASES

### 19a Non-cancellable operating lease commitments

The Company leases property, plant and equipment in the normal course of business. The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:

| | 2024 $000 | 2023 $000 |
|---|---|---|
| No later than one year | 387 | 396 |
| Later than one year and not later than five years | 883 | 882 |
| Later than five years | 3,308 | 3,462 |
| **Total non-cancellable operating lease commitments** | 4,578 | 4,740 |

A large portion of the lease commitments relate to a long-term ground lease which has an initial term out to 31 March 2043 and a further renewal period of 33 years out to 31 March 2076.

### 19b Non-cancellable operating leases as lessor

During the Town Hall renovation project an annex was added to the building which is exclusively leased to the Christchurch Symphony Trust. The initial term of the annex lease expires on 31 March 2043, with a right of renewal of 10 years in place. The future aggregate minimum lease receivables under this lease are:

| | 2024 $000 | 2023 $000 |
|---|---|---|
| No later than one year | 91 | 91 |
| Later than one year and not later than five years | 364 | 364 |
| Later than five years | 1,251 | 1,342 |
| **Total non-cancellable operating leases as lessor** | 1,706 | 1,797 |

The lease rental has been received in advance from the Christchurch Symphony Trust for the entire initial lease term. The prepaid lease rental amount is sitting as part of the income in advance total in Note 9: Trade and other payables. There are no restrictions imposed by lease arrangements.

## FINANCIAL RISK MANAGEMENT

**Financial instrument risk**

The Company has a series of policies to manage the risks associated with financial instruments. The Company is risk averse and seeks to minimise exposure from its financing activities.

**Credit risk management**

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company.

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and short-term investments and accounts receivables. The Company places its cash and short-term investments with Council and various high-credit-quality banking institutions and there are no deposits with finance companies.

The Company's concentration of accounts receivables credit risk lies with the clients who are contracted to occupy and use our venues. Credit risk is mitigated to a degree as a result of the Company requiring clients to pay venue rental deposits prior to the actual event taking place. The venue deposit requirement also helps mitigate any foreseeable risk associated with a decline in future economic conditions.

The maximum credit exposure for each class of financial instrument is the same as the carrying value.

**Liquidity risk management**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and maintaining adequate reserves with the maturity profile of financial assets being matched to the financial liabilities. The Company maintains a borrowing facility with its parent, the Council.

**Interest rate sensitivity analysis**

The Company is not sensitive to movements in interest rates in respect of its borrowing obligations as all the borrowings are fixed. The Company entered a portion of surplus cash into fixed term deposits. Accordingly, a 1% movement either way on cash and term deposit balances would have the effect of increasing / decreasing the Company's profit before tax by $146,109 or $105,199 after tax (2023: $149,392 before tax, $107,562 after tax).

**Market risk management**

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates and market prices, will affect the Company's profit or the value of its holdings in financial instruments.

*Interest rates*

Interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose the Company to interest rate risk.

Interest rates on the Company's borrowing facility with the Council are fixed.

*Foreign exchange*

Foreign exchange risk is the risk that the cash flows from a financial instrument will fluctuate due to changes in foreign exchange rates.

The Company has little exposure to foreign exchange risk. Any small foreign payments are settled at the rate prevalent on the due date. Should any large foreign currency transactions arise, the Company would enter into forward foreign exchange contracts to fix the foreign currency risk exposure.

*Price risk*

Price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of changes in market prices.

The Company is not exposed to price risk on its financial instruments.

**Credit quality of financial assets**

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates:

| | 2024<br>$000 | 2023<br>$000 |
|---|---|---|
| **Counterparties with credit ratings** | | |
| *Cash at bank and bank term deposits* | | |
| AA- | 14,193 | 15,358 |
| **Total cash at bank and term deposits** | 14,193 | 15,358 |
| *Debtors and other receivables* | | |
| Related parties receivables (AA-) | 43 | 470 |
| Existing counterparty with no defaults in the past | 1,003 | 740 |
| **Total debtors and other receivables** | 1,046 | 1,210 |

**Classification of financial instruments**

The Company has no financial assets or financial liabilities designated at fair value, fair value through other comprehensive revenue and expense or held to maturity in 2024 or 2023.

| 2024 | Amortised cost<br>$000 | Other amortised cost<br>$000 | Total carrying amount<br>$000 |
|---|---|---|---|
| **Financial assets** | | | |
| Cash and cash equivalents | 8,193 | - | 8,193 |
| Trade and other receivables | 1,003 | - | 1,003 |
| Other financial assets | 6,000 | - | 6,000 |
| Related party receivables | 43 | - | 43 |
| **Total financial assets** | 15,239 | - | 15,239 |
| | | | |
| **Financial liabilities** | | | |
| Trade and other payables | - | 1,060 | 1,060 |
| Other (related party) | - | 122 | 122 |
| Borrowings | - | 3,185 | 3,185 |
| **Total financial liabilities** | - | 4,367 | 4,367 |

Classification of financial instruments (cont.)

| 2023 | Amortised cost $000 | Other amortised cost $000 | Total carrying amount $000 |
|---|---|---|---|
| **Financial assets** | | | |
| Cash and cash equivalents | 15,358 | - | 15,358 |
| Trade and other receivables | 740 | - | 740 |
| Related party receivables | 470 | - | 470 |
| **Total financial assets** | 16,568 | - | 16,568 |
| | | | |
| **Financial liabilities** | | | |
| Trade and other payables | - | 2,172 | 2,172 |
| Other (related party) | - | 78 | 78 |
| Borrowings | - | 3,885 | 3,885 |
| **Total financial liabilities** | - | 6,135 | 6,135 |

Contractual maturity analysis

| As at 30 June 2024 | Carrying amount $000 | Contractual cashflows $000 | Less than 1 year $000 | 1 - 2 years $000 | 3 - 5 years $000 | More than 5 years $000 |
|---|---|---|---|---|---|---|
| **Financial assets** | | | | | | |
| Cash and cash equivalents | 8,193 | 8,193 | 8,193 | - | - | - |
| Trade receivables | 1,003 | 1,003 | 1,003 | - | - | - |
| Other financial assets | 6,000 | 6,177 | 6,177 | - | - | - |
| Other (related party receivables) | 43 | 43 | 43 | - | - | - |
| **Total financial assets** | 15,239 | 15,416 | 15,416 | - | - | - |
| | | | | | | |
| **Financial liabilities** | | | | | | |
| Trade and other payables | (1,060) | (1,060) | (1,060) | - | - | - |
| Borrowings | (3,185) | (3,879) | (231) | (231) | (3,417) | - |
| Other (related party) | (122) | (122) | (122) | - | - | - |
| **Total financial liabilities** | (4,367) | (5,061) | (1,413) | (231) | (3,417) | - |

Other financial assets and cash and cash equivalents contractual cash flows include interest of $177,485 under the term deposits entered into (2023: $85,381).

**Classification of financial instruments (cont.)**

| As at 30 June 2023 | Carrying amount $000 | Contractual cashflows $000 | Less than 1 year $000 | 1 - 2 years $000 | 3 - 5 years $000 | More than 5 years $000 |
|---|---|---|---|---|---|---|
| **Financial assets** | | | | | | |
| Cash and cash equivalents | 15,358 | 15,443 | 15,443 | - | - | - |
| Trade receivables | 740 | 740 | 740 | - | - | - |
| Other (related party receivables) | 470 | 470 | 470 | - | - | - |
| **Total financial assets** | 16,568 | 16,653 | 16,653 | - | - | - |
| | | | | | | |
| **Financial liabilities** | | | | | | |
| Trade and other payables | (2,172) | (2,172) | (2,172) | - | - | - |
| Borrowings | (3,885) | (4,221) | (2,703) | (779) | (739) | - |
| Other (related party) | (78) | (78) | (78) | - | - | - |
| **Total financial liabilities** | (6,135) | (6,471) | (4,953) | (779) | (739) | - |

## 21 CAPITAL MANAGEMENT

The Company's capital is its equity, which comprises accumulated comprehensive revenue and expenses and all equity reserves. Equity is represented by net assets.

The Company is a Council Controlled Organisation as defined by the Local Government Act 2002 which includes restrictions on how it operates and defines reporting and accountability processes. Council has a general security agreement over all Company assets which restricts the ability to dispose of certain property and to enter into new borrowing arrangements.

The Company manages its revenues, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interest of the community. The Company's equity is largely managed as a by-product of managing revenues, expenses, assets, liabilities and general financial dealings.

The objective of managing the Company's equity is to ensure that it effectively and efficiently achieves the goals and objectives for which it has been established, while remaining a going concern.

## 22 SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

The Company is incorporated under the Companies Act 1993 and is domiciled and operates in New Zealand. It is a wholly owned subsidiary of the Christchurch Council and owns, manages and develops Wolfbrook Arena and the Christchurch Town Hall of Performing Arts. The Company has also secured management service agreements to manage the operations at the Air Force Museum of New Zealand, Apollo Projects Addington), and the Pavilion at the Hagley Cricket Oval. The company has designated itself as a public entity (PBE) for financial reporting purposes.

The financial statements of the Company are for the year ended 30 June 2024. The financial statements were authorised for issue by the Board of Directors on 30 September 2024.

The financial statements have been prepared on a going concern basis and the accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets.

**Statement of Compliance**
The financial statements and service performance information have been prepared in accordance with the requirements of the Local Government Act 2002. The financial statements comply with Public Benefit Entity Standards ('PBE Standards') as appropriate for Tier 1 public benefit entities.

**Presentation and Functional currency**
The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars ($000). The functional currency of theCompany is New Zealand dollars.

**Revenue**
Revenue may be derived from either exchange or non-exchange transactions.

Revenue from exchange transactions
Revenue from exchange transactions arises where the Company provides goods or services to another entity and directly receives approximately equal value (primarily in the form of cash) in exchange.

Revenue from non-exchange transactions
Revenue from non-exchange transactions arises from transactions that are not exchange transactions. These are transactions where the Company receives value from another party without giving approximately equal value directly in exchange for the value received.

Revenue is measured at the fair value of consideration received and comprises the following:

Services rendered
Revenue from services rendered is recognised in proportion to the stage of completion of the transaction at the statement of financial position date. Generally, this is determined by the proportion of costs incurred to date bearing to the estimated total costs of providing the service.

Amounts received in advance for services to be provided in future periods, determined byreference to the stage-of-completion of the contract, are recognised as a liability until such time as the service is provided if there are remaining substantive obligations to be met.

**Interest revenue**
Interest revenue is recognised as it accrues, using the effective interest method.

**Other revenue**
Other revenue includes rental, wage subsidy, donated/vested asset and Council grant revenue.

Rental revenue
Rental revenue from property is recognised on astraight-line basis over the term of the lease. Leaseincentives granted are recognised as an integral part of the total rental revenue. Rental revenue is classified as exchange revenue where it is considered to reflect a market/arm's length rental. Council grants are used to fund the ongoing operating deficits and debt servicing costs of theCompany.

Grants Received
Council operational grants are used to fund the ongoing operating deficits and debt servicing costs of the Company. Council operational grant revenue is required to subsidise the costs of operating civic asset buildings. These buildings provide social and economic benefits to the community, but they do not generate a commercial return to the Company. There are no return of funds conditions attached to the grant revenue. Council operation grant review is disclosed under Revenue in the Statement of comprehensive revenue and expenses.

Council capital grants are funds provided to cover current and future costs of assets as outlined in the asset management plan. There is no requirement to repay back any unused portion, and there is no specific conditions associated with this funding that is provided, other than it being in line with the asset management plan. The funds received are held in a separate account for use for this purpose. Council capital grants are disclosed under Other Revenue in the Statement of comprehensive revenue and expenses.

Wage subsidy revenue has been received from the Government as part of their economic response to Covid-19 with the aim of securing and retaining jobs for New Zealand businesses. The subsidy revenue is initially recorded as revenue received in advance as there is a obligation to return the funds if the conditions of the subsidy are not met. The subsidy is recognised as revenue in line with the individual employee wage and salary cost expense that the wage subsidy pertains to.

**a. Personnel costs**
*Salaries and wages*
Salaries and wages are recognised as an expense as employees provide services.

*Superannuation schemes*
Employer contributions to KiwiSaver and retirement savings schemes are accounted for as defined contribution superannuation schemes and are expensed in the surplus of deficit as incurred.

**b. Financing costs**
Finance costs comprise interest payable on borrowings calculated using the effective interest rate method.

The interest expense component of finance lease payments is recognised through the net surplus or deficit using the effective interest rate method.

Interest payable on borrowings is recognised as an expense through the net surplus or deficit as it accrues unless the interest relates to borrowings directly attributable to the acquisition, construction or production of a qualifying asset in which case it will be capitalised into the cost of the asset.

A *qualifying asset* is an asset that takes a substantial period of time to get ready for its intended use or sale. The Company considers a *qualifying asset* to be an acquisition or construction of property, plant, and equipment where construction costs exceed $50 million and the construction is greater than two years in duration.

**c. Tax**
Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the net surplus or deficit except to the extent that it relates to items recognised directly in equity or other comprehensive revenue and expense, in which case it is recognised in other comprehensive revenue and expense.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for goodwill which is not deductible for tax purposes, and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

*Impairment of deferred tax*
The carrying amounts of the deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying exceeds its recoverable amount. Impairment lossesare recognised through surplus or deficit.

**d. Trade and other receivables**
Trade and other receivables are classified as financial assets at amortised cost and are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment (see Impairment Policy).

Trade and other receivables are categorised in the financial statements as either exchange or non- exchange trade and other receivables.

*Trade and other receivables from exchange transactions*
Trade and other receivables from exchange revenue transactions arise where the Company provides goods or services to another entity and directly receives approximately equal value (primarily in the form of cash)in exchange.

*Trade and other receivables from non-exchange transactions*
Trade and other receivables from non-exchange revenue transactions arise from transactions that are not exchange transactions. These are transactions where the Company receives value from another party without giving approximately equal value directly in exchange for the value received.

Short-term receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the debtor being in liquidation.

*Impairment of trade receivables and other receivables*
Trade receivables and other receivables are determined to be impaired when there are significant financial difficulties being experienced by the debtor. The Company also applies the simplified approach permitted by PBE IPSAS 41, which requires measurement of the loss allowance at an amount equal to lifetime expected credit losses.

**e. Other financial assets**
Other financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

Financial assets held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest on the principle amount outstanding are subsequently measured at amortised cost. This includes Term deposits with maturities greater than 90 days of which interest is subsequently accrued and added to the balance.

*Impairment of other financial assets*
At year-end, the assets are assessed for indicators of impairment. The Company recognises expected lifetime credit losses when there has been a significant increase in credit risk since initial recognition. If the credit risk on the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12 months of expected credit losses. The assessment of whether expected lifetime credit losses should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime expected credit losses represents the expected credit losses that will result from all possible default events over the expected life of a financial asset. In contrast, 12 months expected credit losses represent the portion of lifetime expected credit losses that are expected to result from default events on a financial asset that are possible within 12 months after the reporting date.

**f. 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 expenditures, the amount of which can be reliably estimated, will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

**g. Inventories**
Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

## h. Property, plant and equipment

Property, plant and equipment consists of the following asset classes: buildings, work in progress assets, and plant and equipment.

*Revaluations*

The Company accounts for revaluation of property plant and equipment on a class of asset basis being buildings asset class. The buildings are shown at fair value, based on periodic valuations by external independent valuers, less subsequent depreciation. Any accumulated depreciation at the date of revaluation is eliminated against the of the asset and the net amount is restated to the revalued amount of the asset. Valuations are performed with sufficient regularity, but atleast every 3 years, to ensure revalued assets are carried at a value that is not materially different from fair value.

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expense. When the Company assets are revalued it is assumed, in the absence of specific information to the contrary, that the original useful life of the asset is unchanged.

Plant and equipment assets are valued at historical cost less accumulated depreciation.

Work in progress is recognised at cost less impairment and is not depreciated.

*Additions*

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Company and the cost of the item can be measured reliably. Work in progress is recognised at cost.

In most instances, an item of property, plant, and equipment is initially recognised at cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition.

*Subsequent costs*

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measuredreliably. All other repairs and maintenance are charged to the net surplus or deficit during the financial period in which they are incurred.

*Disposals*

Gains and losses on disposals are determined by comparing proceeds against the carrying amount of the asset and are included in the net surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

*Depreciation*

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives. The total useful lives associated depreciation rates or major classes of property, plant and equipment have been estimated as follows:

- Building shell fit-out: 2-96 years (1% to 50%)
- Leasehold Improvements 3-33 years (3% to 40%)
- Furniture, fittings, plant & equipment: 1-25 years (4% to 67%)
- Work in progress assets: Not depreciated.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

*Impairment of property, plant and equipment*

Property, plant, and equipment are reviewed for impairment at each balance date and whenever events or changes in circumstances indicate that the carrying amount might not be recoverable.

For the purpose of assessing impairment indicators and impairment testing, the Company classifies non- financial assets as either cash-generating or non-cash- generating assets. Assets are considered cash-
generating where their primary objective is to generate a commercial return. The buildings, excluding WIP asset balances are classified as non-cash generating assets. Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash-generating assets, value in use is determined using the optimised depreciable replacement cost (ODRC) approach. The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off- cycle asset classes are revalued.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount in accordance with the requirements of PBE IPSAS 21 – Impairment of Non-Cash-Generating Assets and PBE IPSAS 26 Impairment of Cash-Generating Assets. For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit.

For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit.

The reversal of an impairment loss on a revalued asset is credited to other comprehensive revenue and expense and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of the impairment loss is also recognised in the surplus or deficit. For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in the surplus or deficit.

*Distinction between capital and revenue expenditure*

Capital expenditure is defined as all expenditure incurred in the creation of a new asset and any expenditure that results in a significant restoration or increased service potential for existing assets. Constructed assets are included in property, plant andequipment as each becomes operational and available for use. Revenue expenditure is defined as expenditure that is incurred in the maintenance and operation of the property, plant and equipment of the Company.

**i. Intangible assets**

*Computer software*

Acquired computer software licenses are capitalised on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives.

Staff training costs are recognised in the surplus or deficit when incurred. Costs associated with maintaining computer software are recognised as an expense when incurred.

*Amortisation*

The carrying amount of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each financial year is recognised in surplus and deficit.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Computer software: 2-10 years (10%-50%)

Assets are reviewed annually for indicators of impairment and tested for impairment if these indicators exist. They are carried at cost less accumulated amortisation and accumulated impairment losses.

**j. Trade and other payables**

Trade and other payables are measured at the amount payable.

**k. Employee entitlements**

*Short-term employee entitlements*

Liabilities for wages and salaries, including, annual leave, and accumulating sick leave expected to be settled within twelve months of the reporting date are recognised in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

All employee entitlements are classified as a current liability.

**l. Interest-bearing borrowings**

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs.Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value beingrecognised in the net surplus or deficit over the period ofthe borrowings on an effective interest basis.

**m. Share capital**

*Ordinary share capital*

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

*Preference share capital*

Preference share capital is classified as equity if it is non- redeemable and any dividends are discretionary or is redeemable but only at the Company's option. Dividends on preference share capital classified as equity are recognised as distributions within equity.

Preference share capital is classified as a liability if it provides for mandatory redemption by the issuer for a specific amount at a specific date (or gives the holder theright to require such redemption from the issuer), or if it gives the holder the right to put it back to the issuer for cash or another financial asset. Dividends are recognised in the net surplus or deficit as interestexpense.

*Dividends*

Dividends are recognised as a liability in the period in which they are declared.

**n. Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and call deposits, and other short-term highly liquid investments with original maturities of 90 days or less. Bank overdrafts that are repayable on demand and forman integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows and in current liabilities on the statement of financial position.

**o. Statement of Cash flows**

The cash flow statement is prepared inclusive of GST.

Definitions of the terms used in the statement of cash flows are:

"Cash and cash equivalents" includes cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible into known amounts of cash.

"Investing activities" are those activities relating to the acquisition and disposal of current and non-current investments, and any other non-current assets, and includes dividends received.

"Financing activities" are those activities relating to changes in equity and debt capital structure of the Group and dividends paid on the Company's equity capital.

"Operating activities" include all transactions and other events that are not investing or financing activities.

**p. Operating leases**

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset.

Payments made under operating leases are recognised in the net surplus or deficit on a straight-line basis over the term of the lease. Lease incentives received are recognised in the net surplus or deficit as an integral part of the total lease expense.

**q. Goods and services tax**

The financial statements are prepared exclusive of GST with the exception of receivables and payables that are shown inclusive of GST. Where GST is not recoverable as an input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

### r. Critical judgements, estimates and assumptions in applying the Company's accounting policies

Preparing financial statements to conform to PBE IPSAS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, revenue and expenses. The estimates and associated assumptions have been based on historical experience and other factors that are believed to be reasonableunder the circumstances. These estimates and assumptions have formed the basis for making judgements about the carrying values of assets and liabilities, where these are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are regularly reviewed. Any change to estimates is recognised in the period if the change affects only that period, or into future periods if it also affects future periods.

In the process of applying these accounting policies, management has made the following judgements, estimates and assumptions that have had the most significant impact on the amounts recognised in these financial statements:

- Management are required to exercise judgement in calculating provisions for doubtful debts.
- The Company's buildings are specialised and as such are valued at fair value using ODRC because no reliable market data is available for such buildings. The ODRC value is determined by an independent expert using a number of significant assumptions. The ODRC begins with assessing the current replacement cost or Modern Equivalent Asset of the assets as at the date of valuation less an allowance for all forms of functional obsolescence including physical and economic obsolescence to date and for any over-or under design. All types of obsolescence are measured by making comparisons between the subject asset and the asset of equal utility upon which the cost estimate is based and include assumptions on the assets useful life. The balance of the replacement cost less all forms of obsolescence and over design represents the fair value of the asset.

# WHERE ŌTAUTAHI COMES TOGETHER

# DIRECTORY AND STATUTORY INFORMATION

## Directors' interests during the year 30 June 2024

The following current and former Directors have made general disclosures of interest with respect to any transaction that may be entered into with certain organisations on the basis of them being a Director, Partner, Trustee or Officer of those organisations during the year:

| | | |
|---|---|---|
| Timothy Scandrett | Director | TPS Consulting Ltd |
| | Trustee | Christchurch Operatic Incorporated |
| | Councillor | Christchurch City Council |
| Brent Ford | Director | Ford CFO and Advisory Ltd |
| | Deputy Chair | Development West Coast |
| | Director | Kilmarnock Enterprises Ltd |
| | Advisory Board | Apparel and Merchandising Solutions Ltd |
| | Governance Board Chair | Tumblar Products |
| | Advisory Board Chair | Action Plastics |
| | Governance Board Chair | Peerage Products |
| | Governance Board Chair | PakWorld |
| | Director | West Coast Development Holdings Ltd |
| | Director | West Coast Alliance Holdings Ltd |
| | Advisor | The Kitchen Team Ltd |
| | Advisor | Barrys Bay Dairy Co Ltd |
| | Advisory Board Chair | Caliber Design Ltd |
| | Advisory Board Chair | Ambrosia Nurseries Ltd |
| Wynton Gill Cox | Director | Motus Health Ltd |
| | Director | Barlow Brothers NZ Ltd |
| | Board member | Anderson Lloyd |
| | Director | CMUA Project Ltd - Te Kaha Project Delivery Ltd |
| | Director | Transwaste Canterbury Ltd Group |
| | Director | Elastomer Products Ltd |
| | Director | Independent Fisheries Ltd |
| | Trustee | Project Crimson Trust |
| | Trustee | Committee for Canterbury Trust |
| | Board Advisor | Connell Contractors Ltd |
| | Director | Confederation of Asian and Pacific Accountants Ltd |
| | Director | Foodco Pty Ltd Group |
| | Deputy Chair | Christchurch City Holdings Limited (CCHL) |
| Susan Christina Goodfellow | Director and Shareholder | Leftfield Innovation Ltd |
| | Director and Shareholder | The Goodfellow Group Properties Ltd |
| | Director and Shareholder | The Goodfellow Group Consultancy Ltd |
| | Director and Shareholder | The Goodfellow Group Ltd |
| | Trustee | Mitcham Trust |
| | CEO | Central Plains Water Ltd (CPWL) |
| Kelly John Ashby Barber | Councillor | Christchurch City Council |
| | Board Member | Waitai Coastal Burwood Linwood Community Board |
| | Chair | Canterbury Waste Joint Committee |
| | Committee Member | Canterbury Regional Landfill Joint Committee |
| | Board Member | Seabrook McKenzie Trust Board |
| | Board Member | Avon-Heathcote Estuary Ihutai Trust |

DIRECTORS INSURANCE

The Company has directors' liability insurance for all Directors. Premiums to the value of $27,000 were paid in the 2024 year (2023: $24,600).

DIRECTOR REMUNERATION

Remuneration was paid or due and payable to Directors for services as a director during the year as follows:

| | 2024<br>$ | 2023<br>$ |
|---|---|---|
| Brent Ford | 32,500 | 32.500 |
| Wynton Gill Cox | 60,000 | 60,000 |
| Susan Christina Goodfellow | 32,500 | 32,500 |
| | 125,000 | 125,000 |

DIRECTORS AT 30 JUNE AND MOVEMENT DURING THE YEAR

Directors at 30 June 2024 are:

Timothy Scandrett
Brent Ford
Gill Cox
Susan Goodfellow
Kelly Barber

USE OF COMPANY INFORMATION

During the year the Board received no notices from members or Directors of the Company requesting to use company information received in their capacity as members or Directors which would not otherwise have been available to them.

DONATIONS

There were no donations made by the Company during the year (2023: $4,763).

EMPLOYEE REMUNERATION RANGES

People receiving over $100,000 while working under an employment contract for the Company during the year are as follows:

| Remuneration ranges (including Kiwisaver employer contribution | Number of current and former employees |
|---|---|

| $000 | 2024 | 2023 |
|---|---|---|
| $100 - $110 | 2 | 5 |
| $110 - $120 | 4 | - |
| $120 - $130 | 1 | 1 |
| $130 - $140 | - | - |
| $140 - $150 | - | - |
| $150 - $160 | - | - |
| $160 - $170 | 1 | - |
| $170 - $180 | 1 | - |
| $180 - $190 | 1 | 2 |
| $190 - $200 | 1 | 3 |
| $200 - $210 | 1 | - |
| $210 - $220 | 2 | - |
| $420 - $430 | - | 1 |
| $450 - $460 | 1 | - |
| **Total Employees** | 15 | 12 |

DIVIDENDS

There have been no dividends declared for the 2024 financial year (2023: nil).

AUDITORS

The Office of the Auditor-General is appointed as auditor under Section 14 of the Public Audit Act 2001 and Section 70 of the Local Government Act 2002. Audit New Zealand has been appointed to provide these services.

SHAREHOLDER

The Christchurch City Council is a 100% shareholder of the Company. The composition of the shareholding as at 30 June 2024 is:

| | |
|---|---|
| Ordinary shares | 155,136,204 |
| Redeemable preference shares - equity | 89,500,000 |

REGISTERED OFFICE

81 Jack Hinton Drive

Christchurch

# AUDIT REPORT

# Independent Auditor's Report

## To the readers of Venues Ōtautahi Limited's financial statements and statement of service performance for the year ended 30 June 2024

The Auditor-General is the auditor of Venues Ōtautahi Limited (the company). The Auditor-General has appointed me, Julian Tan, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the statement of service performance of the company on his behalf.

## Opinion

We have audited:

- the financial statements of the company on pages 16 to 19 and 25 to 45, that comprise the statement of financial position as at 30 June 2024, the statement of comprehensive revenue and expense, 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 pages 20 to 24.

In our opinion:

- the financial statements of the company:
    - present fairly, in all material respects:
        - its financial position as at 30 June 2024; 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 the Public Benefit Entity Reporting Standards; and
- the statement of service performance of the company presents fairly, in all material respects, the company's actual performance compared against the performance targets and other measures by which performance was judged in relation to the company's objectives for the year ended 30 June 2024.

Our audit was completed on 30 September 2024. This is the date at which our opinion is expressed.

The basis for our opinion is explained below and we draw attention to the fact that no forecast financial statements were presented for comparison with historical financial statements.

In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the statement of service performance, we comment on other information, and we explain our independence.

## Other matter - Comparison of forecast financial statements with historical financial statements

Without modifying our opinion, we draw attention to the fact that the company did not include forecast financial statements in its 2023/24 statement of intent, as required by the Local Government Act 2002. As a result, no comparison of the forecast financial statements with the historical financial statements was presented in the annual report.

## Basis for our 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 statement of service performance

The Board of Directors is responsible on behalf of the company for preparing the 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 statement of service performance for the company.

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

In preparing the financial statements and the statement of service performance, 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 statement of service performance

Our objectives are to obtain reasonable assurance about whether the financial statements and the statement of service performance, 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 statement of service performance.

For the performance targets reported in the statement of service performance, our procedures were limited to checking that the information agreed to the company's statement of intent.

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

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 statement of service performance, 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 measures 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 statement of service performance 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 statement of service performance, including the disclosures, and whether the financial statements and the statement of service performance 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 is defined as all information included in the annual report other than the financial statements and the statement of service performance, and our auditor's report thereon.

Our opinion on the financial statements and the statement of service performance 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 statement of service performance, 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 statement of service performance 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: *International 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.

Julian Tan
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand