



INVERCARGILL
venue and events management ltd.

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2017

Invercargill Venue & Events Management Limited

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Invercargill Venue & Events Management Limited

DIRECTORS' REPORT

The Board of Directors presents the annual report of Invercargill Venue & Events Management Limited, incorporating the financial statements and the independent auditor's report, for the year ended 30 June 2017.

The shareholders of the company have exercised their right under Section 211(3) of the Companies Act 1993 and all shareholders agree that the annual report of the company need not comply with paragraphs (a) and (e) to (j) of section 211(1) of the Act.

For and on behalf of the Board of Directors who authorised these financial statements for issue on 20 September 2017.



Darren Ludlow
Chairman

20 September 2017



Lindsay Abbott
Director

20 September 2017

Invercargill Venue & Events Management Limited

COMPANY DIRECTORY AND BOARD OF DIRECTORS

Directors

Darren Ludlow	(appointed 8 November 2016)	Chairman
Lindsay Abbott		Director
Toni Biddle	(appointed 8 November 2016)	Director
Neil Boniface	(resigned 8 November 2016)	Director
Dean Johnston	(resigned 8 November 2016)	Director

Postal address

Private Bag 90-104
Invercargill
Phone (03) 2111 777
Fax (03) 2111 692

Registered office

c/o Invercargill City Council
101 Esk Street
Invercargill

Bankers

Bank of New Zealand
84 Esk Street
Invercargill

Solicitors

Preston Russell Law
45 Yarrow Street
Invercargill

Auditor

Audit New Zealand on the behalf of the
Office of the Auditor-General

Invercargill Venue & Events Management Limited

STATUTORY INFORMATION

Directors Remuneration

Darren Ludlow	Nil
Toni Biddle	Nil
Lindsay Abbott	Nil
Neil Boniface	Nil
Dean Johnston	Nil

Shareholding

Invercargill City Council	100%
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Loans to Directors

There are no loan to Directors

Shareholding by Directors

No Director has an interest in any of the shares held, acquired or disposed of during the year.

Use of Company Information By Directors

No Directors have disclosed, used or acted on information that would not otherwise be available to a Director.

Directors' and Officers' Indemnity Insurance

The company has insured all it's Directors and Executive Officers against liabilities to other parties that may arise from their positions.

Employees remuneration

There are no employees that received remuneration and other benefits of \$100,000 or greater during the year.

Auditors remuneration

Audit fees for the company totalled \$10,514. Details of the fees payable are contained in note 1.

Recommended Dividend

There is no dividend recommended

Invercargill Venue & Events Management Limited

STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017

OUTPUTS FOR THE YEAR ENDED 30 JUNE 2017

Below are the outputs planned by the organisation and the strategies that will be used to achieve these.

2017 Outputs	Strategies to achieve Outputs
Increasing public awareness and usage of the venues for a range of theatrical, cultural, social and sporting experiences.	<ul style="list-style-type: none"> • Book at least twelve major shows (nationally or internationally significant) per year. • Increase bookings of the Civic Theatre complex by local groups and performers. • Increase bookings and occupancy rate of each venue. • Run regular promotions and 'outreach' initiatives to raise awareness of the venues in the Southland community.
Operating the venue in a fiscally responsible manner that is self-sustaining.	<ul style="list-style-type: none"> • To have a Solvency ratio above 1 at each month end. • To have a Profitability ratio above 1 at year end
Recognising and promoting the cultural, historical and sporting significance of the venues as icons within the Southland region.	<ul style="list-style-type: none"> • Use of marketing and advertising materials to emphasises the significance of each venue, and promote it as an iconic venue in Southland.
Maintaining and professionally managing the venue with a strong customer focus and a genuine, warm welcome to all theatre users and visitors.	<ul style="list-style-type: none"> • Hold regular staff meetings with the permanent staff to discuss weaknesses and strengths as well as discuss improvements that can be adopted. • Regular communication with casual staff to ensure they are aware of and are adopting the company's ideas and processes so a high level of service can be delivered to hirers and patrons.
Integrating the venues as vibrant places for shows and gatherings of all shapes and sizes, as well as providing regular opportunities for the general public to simply visit and enjoy the venues.	<ul style="list-style-type: none"> • Undertake numerous venue tours during the year to a wide cross section of the community. • Hold an Open Day every two years for all members of the public.
Building and maintaining co-operative, win-win relationships with relevant stakeholders in the region.	<ul style="list-style-type: none"> • Work with community groups & stakeholders on hosting events.

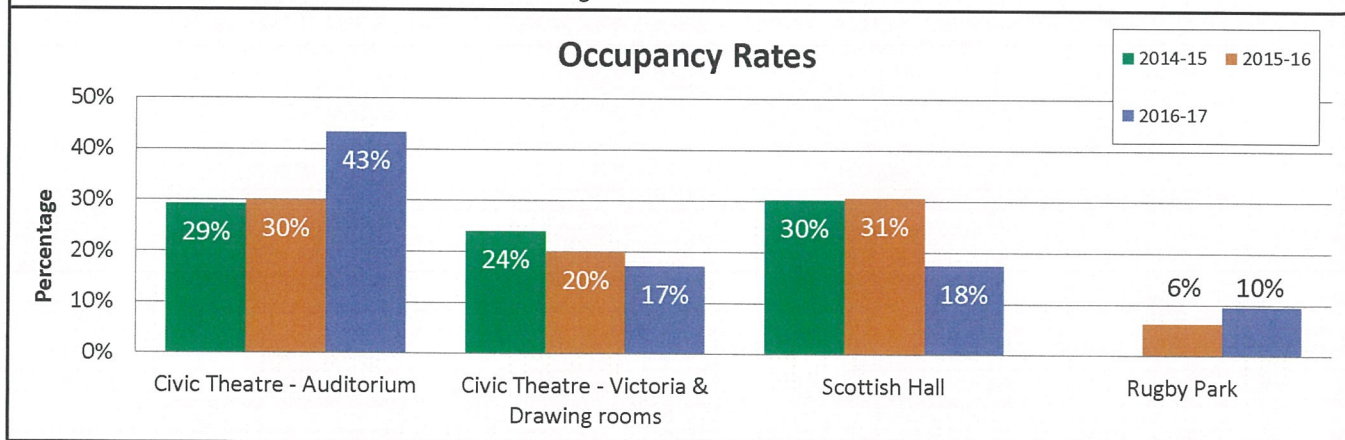
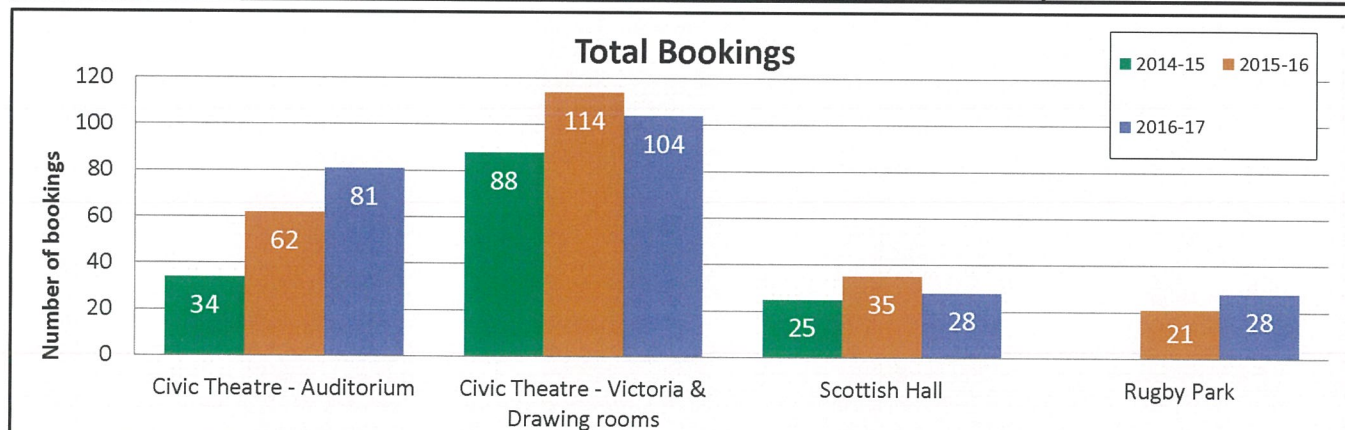
Invercargill Venue & Events Management Limited

STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017

OUTCOMES DELIVERED FOR THE YEAR ENDED 30 JUNE 2017

Below are the comparisons of the organisation's actual outcomes against planned outcomes as contained in the Statement of Intent for the 2016 / 2017 financial year.

Strategies to achieve Outputs	2016-17 Outcome	2016-17 Target	2015-16 Outcome
<ul style="list-style-type: none"> Book at least twelve major shows (nationally or internationally significant) per year. 	30 major shows (All venues) (Achieved)	12 major shows	16 major shows (Civic Theatre only) (Achieved)
<ul style="list-style-type: none"> Increase bookings of the Civic Theatre complex by local groups and performers. 	28 local bookings (Not achieved)	Increase from last year	28 local bookings (Achieved)
<ul style="list-style-type: none"> Increase bookings and occupancy rate of each venue. 	See below	Increase from last year	See below



A booking is generated when a venue has been hired out for a period of time.

The occupancy rate is the percentage of time a venue is hired for over the total time the venue is available to be hired.

Invercargill Venue & Events Management Limited

STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017

Strategies to achieve Outputs	2016-17 Outcome	2016-17 Target	2015-16 Outcome
<ul style="list-style-type: none"> Run regular promotions and 'outreach' initiatives to raise awareness of the venues in the Southland community. 	<p>Use of Civic Theatre Facebook page to reach a wide range of the public (2,140 Facebook followers)</p> <hr/> <p>Use of ICC website to provide information on all upcoming shows at the venues, as well as providing all venue information re spaces for hire.</p> <hr/> <p>Regular communications sent to the Friends of the Theatre database to inform on all events held at the Civic Theatre and material on our spaces for hire. (492 Friends)</p>	<p>Continue to develop awareness program</p>	<p>Use of Civic Theatre Facebook page to reach a wide range of the public (1,681 Facebook followers)</p> <hr/> <p>Use of ICC website to provide information on all upcoming shows at the venues, as well as providing all venue information re spaces for hire.</p> <hr/> <p>Regular communications sent to the Friends of the Theatre database to inform on all events held at the Civic Theatre and material on our spaces for hire. (475 Friends)</p> <hr/> <p>Booth at local wedding show</p>
<ul style="list-style-type: none"> To have a Solvency ratio above 1 at each month end. 	<p>1.82 at year end (Achieved for each month of the financial year)</p>	<p>Ratio of assets over liabilities of above 1</p>	<p>1.08 at year end (Achieved for each month of the financial year)</p>
<ul style="list-style-type: none"> To have a Profitability ratio above 1 at year end. 	<p>1.15 (Achieved)</p>	<p>Ratio of income over expenses above 1</p>	<p>-0.89 (Not achieved due to cost of maintenance required for Rugby Park)</p>

Invercargill Venue & Events Management Limited

STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017

Strategies to achieve Outputs	2016-17 Outcome	2016-17 Target	2015-16 Outcome
<ul style="list-style-type: none"> Use of marketing and advertising materials to emphasises the significance of each venue, and promote it as an iconic venue in Southland. 	Extensive advertising via The Southland Times, The Southland Express, They Eye, The Mirror, Fiordland Advocate, Mountain Scene and Otago Daily Times, along with several Bridal publications.	No Target Set	Extensive advertising via The Southland Times, The Southland Express, They Eye, The Mirror, Fiordland Advocate, Mountain Scene and Otago Daily Times, along with several Bridal publications.
<ul style="list-style-type: none"> Hold regular staff meetings with the permanent staff to discuss weaknesses and strengths as well as discuss improvements that can be adopted. 	Ongoing	No Target Set	Ongoing
<ul style="list-style-type: none"> Regular communication with casual staff to ensure they are aware of and are adopting the company's ideas and processes so a high level of service can be delivered to hirers and patrons. 	Staff training evenings held twice yearly for casual staff.	No Target Set	Staff training evenings held twice yearly for casual staff.
	E-mails to inform of new initiatives, as and when required.	No Target Set	E-mails to inform of new initiatives, as and when required.
<ul style="list-style-type: none"> Undertake numerous venue tours during the year to a wide cross section of the community. 	1 tour given to community groups	No Target Set	6 tours given to community groups
<ul style="list-style-type: none"> Hold an Open Day every two years for all members of the public. 	Set for October 2017	No Target Set	13 September 2015

Invercargill Venue & Events Management Limited

STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017

Strategies to achieve Outputs	2016-17 Outcome	2016-17 Target	2015-16 Outcome
<ul style="list-style-type: none"> Work with community groups & stakeholders on hosting events. 	Work with Stadium Southland in attracting and hosting international events and share resources to reduce costs to both organisations.	No Target Set	Work with Stadium Southland in attracting and hosting international events and share resources to reduce costs to both organisations.
	Work with Invercargill Musical Theatre Inc to ensure good working relationships continue to be built.	No Target Set	Work with Invercargill Musical Theatre Inc to ensure good working relationships continue to be built.
	Work with Promoters to ensure Invercargill is a destination for their shows, by providing them with support and advice.	No Target Set	Work with Promoters to ensure Invercargill is a destination for their shows, by providing them with support and advice.
<ul style="list-style-type: none"> Develop a Business Plan to demonstrate how the Vision, Mission and Key Priorities of the Statement of Intent will be implemented. 	Delayed to 2017/18 due to change of directors	Develop Business Plan	Business Plan on hold until Rugby Park ownership change is signed.

Invercargill Venue & Events Management Limited

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017

	<i>Note</i>	2017 \$	2016 \$
Operating revenue		767,985	704,956
Grants revenue		272,750	212,750
REVENUE		1,040,735	917,706
Operating expenses	1	(900,006)	(1,051,007)
Depreciation of property, plant and equipment	2	(10,921)	(11,404)
OPERATING PROFIT / (LOSS) BEFORE TAX		129,808	(144,705)
Finance income		3,189	9,779
PROFIT / (LOSS) BEFORE INCOME TAX		132,997	(134,926)
Income tax expense	3	34,315	(37,471)
PROFIT / (LOSS) FOR THE YEAR		98,682	(97,455)
Other comprehensive income/(loss) for the year, net of income tax		-	-
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR		98,682	(97,455)
Profit / (Loss) for the year attributable to:			
- Owners of the parent		98,682	(97,455)
		98,682	(97,455)
Total comprehensive income / (loss) attributable to:			
- Owners of the parent		98,682	(97,455)
		98,682	(97,455)

The Statement of Accounting Policies and Notes form and integral part of, and should be read in conjunction with these financial statements.

Invercargill Venue & Events Management Limited

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	<i>Note</i>	2017 \$	2016 \$
ASSETS			
<i>Current assets</i>			
Cash and cash equivalents	4	161,203	91,582
Trade and other receivables	5	60,722	157,239
Inventories - Finished Goods	6	2,354	3,007
Current tax assets		1,052	5,398
TOTAL CURRENT ASSETS		225,331	257,226
<i>Non-current assets</i>			
Property, plant and equipment	2	37,963	40,327
Deferred tax assets	7	12,251	46,566
TOTAL NON-CURRENT ASSETS		50,214	86,893
TOTAL ASSETS		275,545	344,119
LIABILITIES			
<i>Current liabilities</i>			
Trade and other payables	8	134,937	248,295
Revenue received in advance		16,551	70,449
TOTAL CURRENT LIABILITIES		151,488	318,744
TOTAL NON-CURRENT LIABILITIES		-	-
TOTAL LIABILITIES		151,488	318,744
NET ASSETS		124,057	25,375
EQUITY			
Equity attributable to owners of the parent:			
Share Capital	9	-	-
Retained Earnings		124,057	25,375
TOTAL EQUITY		124,057	25,375

The Statement of Accounting Policies and Notes form and integral part of, and should be read in conjunction with these financial statements.

Invercargill Venue & Events Management Limited

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2017

	<u>Attributable to owners of the parent</u>		Total Equity \$
	Share Capital \$	Retained Earnings \$	
Balance at 1 July 2015	-	122,830	122,830
Profit / (Loss) for the year	-	(97,455)	(97,455)
Other comprehensive income/(loss) for the year	-	-	-
Balance at 30 June 2016	-	25,375	25,375
Balance at 1 July 2016	-	25,375	25,375
Profit / (Loss) for the year	-	98,682	98,682
Other comprehensive income/(loss) for the year	-	-	-
Balance at 30 June 2017	-	124,057	124,057

The Statement of Accounting Policies and Notes form and integral part of, and should be read in conjunction with these financial statements.

Invercargill Venue & Events Management Limited

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 JUNE 2017

	<i>Note</i>	2017	2016
		\$	\$
<i>Cash Flows from Operating Activities</i>			
Interest received		3,189	9,778
Operational revenue		1,081,110	827,362
Operational expenses		(1,009,233)	(921,251)
GST received		154,703	118,018
GST paid		(139,965)	(135,004)
Deposits received		(15,711)	62,845
Catering expenses paid		(261)	-
Tax refunds received		5,398	-
Tax paid		(1,052)	(3,227)
Net Cash Flow from / to Operating Activities	10	78,178	(41,479)
<i>Cash Flows from Investing Activities</i>			
Purchase of property, plant and equipment	2	(8,557)	(13,437)
Net Cash Flow from / to Investing Activities		(8,557)	(13,437)
Net Increase/ (Decrease) in Cash and Cash equivalents		69,621	(54,916)
Cash and Cash equivalents at the beginning of the year		91,582	146,498
Cash and Cash equivalents at the end of the year	4	161,203	91,582

The Statement of Accounting Policies and Notes form and integral part of, and should be read in conjunction with these financial statements.

Invercargill Venue & Events Management Limited

STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2017

GENERAL INFORMATION

Invercargill Venue and Events Management Limited (the “Company”) is a profit orientated entity incorporated in New Zealand under the Companies Act 1993 and is domiciled in New Zealand. The Company is a 100% owned subsidiary of Invercargill City Council.

The Company is a Council Controlled Organisation as defined in Section 6(1) of the Local Government Act 2002 and registered under the Companies Act 1993.

The primary objective of the Company is to manage and operate the Civic Theatre (Invercargill), Scottish Hall (Invercargill) and Rugby Park (Invercargill) as well as promote events in Southland.

Accordingly, the Company has designated itself as a profit orientated entity for the purpose of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP).

The Company has elected to report in accordance with the Tier 2 for-profit Accounting Standards (NZ IFRS Reduced Disclosure Regime). The company is a qualifying Tier 2 entity as the entity does not have public accountability and it is not a large for-profit public sector entity.

The financial statements of the Company have been prepared in accordance with the requirements of the Local Government Act 2002 and Companies Act 1993.

The financial statements have been prepared on the historical cost basis, are presented in New Zealand Dollars (NZD) and all values are rounded to the nearest whole dollar (\$0) unless otherwise specified.

The financial statements have been prepared on a going concern basis based on any deficit in year to year funding being met from Invercargill City Council.

The financial statements of the Company are for the year ended 30 June 2017 and were approved & authorised for issue by the Board of Directors on 20 September 2017.

The Company directors do not have the right to amend the financial statements after issue.

CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policy during the year. All accounting policies have been consistently applied throughout the period covered by these financial statements.

Invercargill Venue & Events Management Limited

STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2017

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

REVENUE

Revenue is recognised to the extent that it is probable that economic benefits will flow to the company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, net of refunds, allowances and discounts given.

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably and there is no continuing management involvement with the goods.

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.

Revenue from grants is recognised when the funding is received unless there is an obligation to return the funds if conditions of the grant are not met ("use or return condition"). If there is such an obligation, the grant is initially recorded as a liability and recognised as revenue when conditions of the grant are satisfied.

Interest revenue is recognised using the effective interest rate method.

EXPENSES

All expenditure is recognised in the Statement of Profit or Loss and Other Comprehensive Income in the period in which it is incurred.

GOODS AND SERVICES TAX (GST)

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax, it is then recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) 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.

Commitments and contingencies are disclosed exclusive of GST.

Invercargill Venue & Events Management Limited

STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2017

INCOME TAX

Income tax expense in relation to the surplus or deficit for the period comprises current tax and deferred tax.

Current income tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using rates that have been enacted or substantively enacted by balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses.

Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, using tax rates that have been enacted or substantively enacted by balance date.

Current tax and deferred tax is charged or credited to the Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

TRADE AND OTHER RECEIVABLES

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest method.

Invercargill Venue & Events Management Limited

STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2017

INVENTORIES

Inventories are valued at the lower of cost or net realisable value.

Net realisable value is the estimated selling price in ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

The write down from cost to current realisable value is recognised in the Statement of Profit or Loss and Other Comprehensive Income.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are shown at cost, less accumulated depreciation and impairment losses.

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.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the Statement of Profit or Loss and Other Comprehensive Income.

Subsequent Costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or services potential associated with the item will flow to the Company and the cost of the item can be measured reliably.

Depreciation

Depreciation is provided on all property, plant and equipment at rates that will write off the cost of the assets to their estimated residual values over their useful lives.

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

- (a) Motor Vehicles 20% Diminishing Value
- (b) Plant & Equipment 20% - 67% Diminishing Value

Invercargill Venue & Events Management Limited

STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2017

FINANCIAL INSTRUMENTS

Recognition, initial measurement and de-recognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

Where applicable the Company classifies its financial assets into the following categories:

- a) Financial assets at fair value through profit or loss.
- b) Loans and receivables.
- c) Held to maturity financial assets.

The classification depends on the purpose for which the investments were acquired. Management determine the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

a) Financial assets at fair value through profit or loss.

Financial assets at fair value through profit or loss are financial assets held for trading which are acquired principally for the purpose of selling in the short term with the intention of making a profit.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. This arises when the Company provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after balance date which are classified as non-current assets. Loans and receivables are included in receivables in the Statement of Financial Position.

c) Held to maturity financial assets.

Held to maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity.

Invercargill Venue & Events Management Limited

STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2017

Available for sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held to maturity financial assets are carried at amortised cost using the effective interest method. Gains or losses arising from changes in fair value of the financial assets at fair value through profit or loss category, including interest and dividend income, are presented in the Statement of Profit or Loss and Other Comprehensive Income within other income or other expenses in the period in which they arise.

At each balance date, the Company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

STATEMENT OF CASH FLOWS

Cash means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which the Company invests as part of its day-to-day cash management.

Operating activities include cash received from all income sources of the Company and records the cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise the change in equity and debt capital structure of the Company.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In preparing these financial statements, the Company has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates, assumptions and critical judgements in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

- Employee benefits

Provisions are made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and the liability is capable of being reliable measurement. Provisions made are measured at their normal rates using the remuneration rate expected to apply at the time of settlement.

Invercargill Venue & Events Management Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1 OPERATING EXPENSES

	2017 \$	2016 \$
Audit Remuneration to Audit New Zealand - audit of financial statements	10,514	6,559
Staffing expenses	475,971	448,179
Administration expenses	92,913	105,168
Operating expenses	320,608	491,101
<i>Total Expenditure</i>	900,006	1,051,007

2 PROPERTY, PLANT & EQUIPMENT

	Motor Vehicles \$	Plant \$	Total \$
Cost			
Balance at 1 July 2016	30,506	22,769	53,275
Additions	-	8,557	8,557
Disposals	-	-	-
Balance at 30 June 2017	30,506	31,326	61,832
Balance at 1 July 2015	30,506	9,332	39,838
Additions	-	13,437	13,437
Disposals	-	-	-
Balance at 30 June 2016	30,506	22,769	53,275
Accumulated Depreciation			
Balance at 1 July 2016	6,508	6,440	12,948
Depreciation expense	4,800	6,121	10,921
Balance at 30 June 2017	11,308	12,561	23,869
Balance at 1 July 2015	508	1,036	1,544
Depreciation expense	6,000	5,404	11,404
Balance at 30 June 2016	6,508	6,440	12,948
Carrying amounts			
At 1 July 2015	29,998	8,296	38,294
At 30 June 2016	23,998	16,329	40,327
At 30 June 2017	19,198	18,765	37,963

Invercargill Venue & Events Management Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

3 INCOME TAX EXPENSE	2017	2016
	\$	\$
Deferred tax expense	978	(4,134)
Tax losses carried forward	33,337	(33,337)
Total income tax expense	34,315	(37,471)
<u>Reconciliation of effective tax rate</u>		
Profit / (Loss) for the year	132,997	(134,926)
Permanent differences	798	1,100
Profit excluding income tax	133,795	(133,826)
Tax at 28%	37,462	(37,471)
Tax exempt income	-	-
Under/(over) provided in prior periods	-	-
Group loss offset	(3,147)	-
Total income tax expense	34,315	(37,471)
Effective Tax Rate	28%	28%

Invercargill City Council will transfer tax losses to Invercargill Venue and Events Management Limited of \$11,240 (2016: \$0).

	2017	2016
	\$	\$
Imputation credits available for use in subsequent periods	NIL	NIL
4 CASH AND CASH EQUIVALENTS		
	2017	2016
	\$	\$
BNZ Operating Account	159,803	90,182
Cash on Hand	1,400	1,400
Total cash and cash equivalents	161,203	91,582

Invercargill Venue & Events Management Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

5 TRADE AND OTHER RECEIVABLES

	2017 \$	2016 \$
Inland Revenue Department - GST	-	20,236
Trade Receivables	46,657	137,003
Catering Receivables	261	-
Prepayments	13,804	-
<i>Total trade and other receivables</i>	60,722	157,239

All amounts are short-term and non-interest bearing. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

6 INVENTORY

	2017 \$	2016 \$
Items held for sale	2,354	3,007
<i>Total inventory</i>	2,354	3,007

7 DEFERRED TAX ASSETS AND LIABILITIES

	2017 \$	2016 \$
<u>Movements in temporary differences during the year</u>		
Balance as at 1 July	46,566	9,095
Recognised in profit or loss:		
Payables and provisions	(978)	4,134
Tax losses	(33,337)	33,337
Balance as at 30 June	12,251	46,566

8 TRADE AND OTHER PAYABLES

	2017 \$	2016 \$
Inland Revenue Department - GST	3,247	-
Accident Compensation Corporation	2,351	2,197
Invercargill City Council - accrued wages and salaries	68,302	38,489
Audit New Zealand - accrued audit fee	10,514	6,559
Trade Payables	50,523	201,050
<i>Total trade and other payables</i>	134,937	248,295

Trade payables are non-interest bearing and normally settled on 30-day terms. All other payables have an average term of six months. The carrying values of trade & other payables are considered to be a reasonable approximation of fair value.

Invercargill Venue & Events Management Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

9 SHARE CAPITAL

The share capital of Invercargill Venue and Events Management Ltd consists of 100 ordinary shares issued but not paid; the shares do not have a par value; All shares are equally eligible to receive dividends and the repayment of capital and represents one vote at the shareholders' meeting of Invercargill Venue and Events Management Ltd.

10 RECONCILIATION OF NET CASH FLOW FROM OPERATING ACTIVITIES WITH REPORTED PROFIT / (LOSS) BEFORE INCOME TAX	2017	2016
	\$	\$
PROFIT / (LOSS) BEFORE INCOME TAX	132,997	(134,926)
Add/(Less) Non cash items		
<i>Depreciation</i>	10,921	11,404
Add/(Subtract) Movement in Other Working Capital Items:		
<i>(Increase) / Decrease in Accrued Revenue and Prepayments</i>	66,559	(60,213)
<i>Increase / (Decrease) in GST paid</i>	14,738	(16,986)
<i>(Increase) / Decrease in Tax paid</i>	4,346	(3,227)
<i>Increase / (Decrease) in Payables and Accrued Expenditure</i>	(97,876)	129,450
<i>Increase / (Decrease) in Revenue in Advance</i>	(54,160)	32,712
<i>(Increase) / Decrease in Stock</i>	653	307
	(54,819)	93,447
Net Cash Flow from Operating Activities	78,178	(41,479)

11 RELATED PARTIES

2017	2016
\$	\$

(a) Invercargill City Council

The company is a wholly owned business of Invercargill City Council. During the year, the following transactions took place:

Revenue

<i>Operational grants</i>	267,750	212,750
<i>Provision of goods and services</i>	58,084	59,154
Total	325,834	271,904

Invercargill City Council has an outstanding amount owing to Invercargill Venue and Events Management Ltd as at 30 June 2017 of \$1,848 (2016 - \$12,845).

Expenditure

<i>Reimbursement of administration expenses</i>	491,219	441,188
<i>Provision of good & services</i>	68,066	66,711
Total	559,285	507,899

Invercargill Venue and Events Management Ltd has an outstanding amount owing to the Invercargill City Council as 30 June 2017 of \$85,315 (30 June 2016 - \$44,592).

Invercargill City Council will transfer tax losses to Invercargill Venue and Events Management Limited of \$11,240 (2016: \$0).

Invercargill Venue & Events Management Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

(b) Invercargill City Charitable Trust

The Trust is a wholly owned business of Invercargill City Council. During the year, the following transactions took place:

Revenue

<i>Provision of goods and services</i>	22,216	-
<i>Total</i>	<u>22,216</u>	<u>-</u>

Invercargill City Charitable Trust has no outstanding amount owing to Invercargill Venue and Events Management Ltd as at 30 June 2017 (2016 - \$0)

Expenditure

<i>Provision of good & services</i>	13,521	-
<i>Total</i>	<u>13,521</u>	<u>-</u>

Invercargill Venue and Events Management Ltd has an outstanding amount owing to the Invercargill City Charitable Trust as 30 June 2017 of \$11,591 (2016 - \$0).

12 FINANCIAL INSTRUMENTS

Credit Risk

Financial instruments which potentially subject the Company to a credit risk consist principally of cash, cash equivalents and receivables. Cash is placed with banks with high credit ratings assigned by international credit-rating agencies, or other high credit quality financial institutions.

Security is not required for the provision of goods and services but regular monitoring of balances outstanding is undertaken.

Market Risk

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

Foreign Exchange and Currency Risk

The Company is not exposed to foreign exchange or currency risk.

Interest Rate Risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

Some of the cash and cash equivalents are short term deposits taken at fixed interest rates which expose the Trust to fair value interest rate risk, which is not significant as the fixed interest period is in the short term (less than 3 months).

Invercargill Venue & Events Management Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

The financial assets and liabilities are exposed to interest rate risk as follows:

Financial Assets

Cash and cash equivalents	\$161,203	Variable and fixed interest rates
Trade and other receivables	\$46,918	Outstanding & non interest bearing
0 - 30 days	\$40,550	
30 - 60 days	\$643	
60 - 90 days	\$0	
90 plus	\$5,725	

Financial Liabilities

Trade and other payables	\$134,937	Outstanding & non interest bearing
0 - 30 days	\$134,937	
30 - 60 days	\$0	
60 - 90 days	\$0	
90 plus	\$0	

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Cash deposits at variable interest rates expose the Trust to cash flow interest

- Sensitivity analysis on Financial Instruments

Cash and cash deposits: If interest rates on deposits for the year at 30 June 2017 had fluctuated by plus or minus 0.5%, the effect would have been to increase/decrease the operating profit / (loss) by \$789 (2016 : \$1,855)

Liquidity Risk

Liquidity Risk represents the Company's ability to meet its contractual obligations.

The Company monitors its liquidity requirements on an ongoing basis. In general, the Company generates sufficient cash from its operating activities to meet its contractual obligations arising from financial liabilities.

All of the Company's financial assets and liabilities (cash and equivalents, trade and other receivables, and trade and other payables) all have maturity dates within one year.

Fair Values

The representatives consider the fair value of each class of financial instrument is the same as the carrying value in the Statement of Financial Position.

13 POST BALANCE DATE EVENTS

No post balance date events have occurred since balance date.

14 CONTINGENCIES

There are no known contingent liabilities or contingent assets at 30 June 2017 (2016: nil).

15 COMMITMENTS

There are no capital or operating lease commitments contracted for at 30 June 2017 (2016: nil).

Independent Auditor's Report

To the readers of Invercargill Venue and Events Management Limited's financial statements and performance information for the year ended 30 June 2017

The Auditor-General is the auditor of Invercargill Venue and Events Management Limited (the company). The Auditor-General has appointed me, Ian Lothian, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of the company on his behalf.

Opinion

We have audited:

- the financial statements of the company on pages 11 to 26, that comprise the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the company on pages 6 to 10.

In our opinion:

- The financial statements of the company on pages 11 to 26:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2017; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with the New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Scheme.
- The performance information of the company on pages 6 to 10 presents fairly, in all material respects, the company's actual performance compared against the performance targets and other measures by which performance was judged in relation to the company's objectives for the year ended 30 June 2017

Our audit was completed on 20 September 2017. This is the date at which our opinion is expressed.

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

Basis for opinion

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

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

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

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

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

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

In preparing the financial statements and the performance information, the Board of Directors are responsible on behalf of the company for assessing the company's ability to continue as a going concern. The Board of Directors are 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 Director's responsibilities arise from the Local Government Act 2002.

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

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

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

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

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

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

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

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 3 to 5, but does not include the financial statements and the performance information, and our auditor's report thereon.

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

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

Independence

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

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

A handwritten signature in black ink that reads "Ian Lothian". The signature is written in a cursive, flowing style.

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