

**INVERCARGILL**  
venue and events management ltd.



## ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2018

# *Invercargill Venue & Events Management Limited*

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## *Invercargill Venue & Events Management Limited*

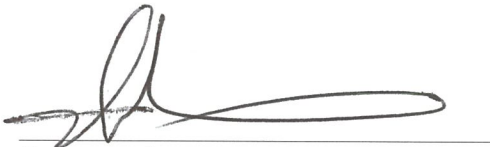
### **DIRECTORS' REPORT**

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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 2018.

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 19 September 2018.



Darren Ludlow  
Chairperson

19 September 2018



Lindsay Abbott  
Director

19 September 2018

# *Invercargill Venue & Events Management Limited*

## COMPANY DIRECTORY AND BOARD OF DIRECTORS

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### **Directors**

Darren Ludlow  
Lindsay Abbott  
Toni Biddle

Chairperson  
Director  
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

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#### **Directors Remuneration**

Darren Ludlow	Nil
Toni Biddle	Nil
Lindsay Abbott	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 \$10,726. 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 2018

#### OUTPUTS FOR THE YEAR ENDED 30 JUNE 2018

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

2018 Outputs	Strategies to achieve Outputs
Increasing public awareness and use of the Civic Theatre complex and its range of facilities.	<ul style="list-style-type: none"> <li>• Book at least twelve major shows (nationally or internationally significant) per year for the Civic Theatre complex.</li> <li>• Increase bookings of the Civic Theatre complex by local groups and performers.</li> <li>• Increase bookings of the Civic Theatres' meeting spaces.</li> <li>• Run regular promotions and 'outreach' initiatives to raise awareness of the Civic Theatre complex in the Southland community.</li> </ul>
Expanding the use and awareness of the Scottish Hall as a venue for meetings and a range of social and cultural experiences.	<ul style="list-style-type: none"> <li>• Increase the bookings and use of the Scottish Hall.</li> <li>• Run regular promotions and 'outreach' initiatives to raise awareness of the Scottish Hall complex in the Southland community.</li> </ul>
Operating the venue in a fiscally responsible manner that is self-sustaining.	<ul style="list-style-type: none"> <li>• To have a Solvency ratio above 1 at each month end.</li> <li>• To have a Profitability ratio above 1 at year end</li> </ul>
Recognising and promoting the cultural and historical significance of the Civic Theatre as an icon within the Southland region.	<ul style="list-style-type: none"> <li>• Use of marketing and advertising materials to emphasises the significance of the Civic Theatre, and promote it as an iconic venue in Southland.</li> </ul>
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"> <li>• Hold regular staff meetings with the permanent staff to discuss weaknesses and strengths as well as discuss improvements that can be adopted.</li> <li>• 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.</li> </ul>
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"> <li>• Undertake numerous venue tours during the year to a wide cross section of the community.</li> <li>• Hold an Open Day every two years for all members of the public.</li> </ul>
Building and maintaining co-operative, win-win relationships with relevant stakeholders in the region.	<ul style="list-style-type: none"> <li>• Work with community groups &amp; stakeholders on hosting events.</li> </ul>

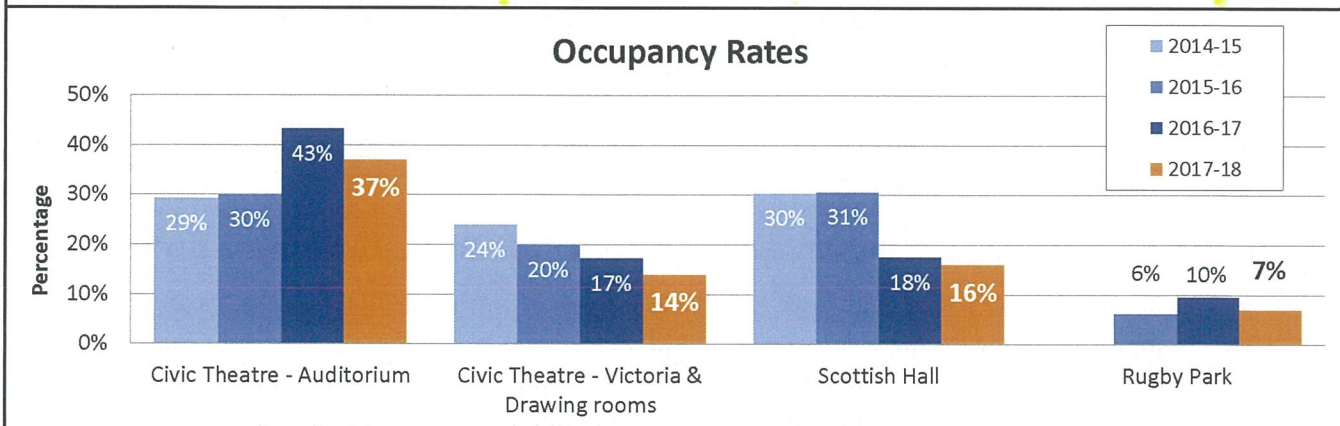
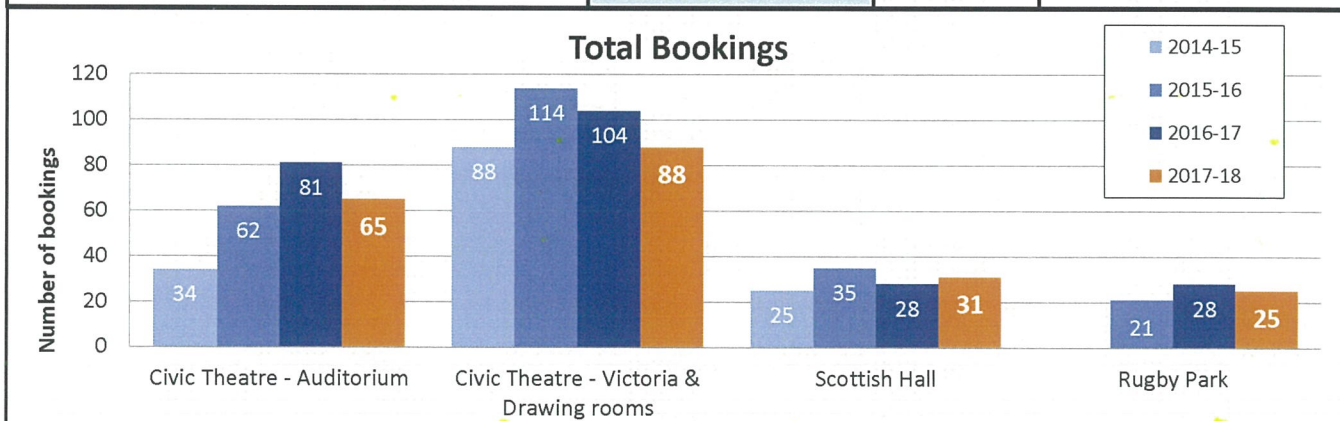
# Invercargill Venue & Events Management Limited

## STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2018

### OUTCOMES DELIVERED FOR THE YEAR ENDED 30 JUNE 2018

Below are the comparisons of the organisation's actual outcomes against planned outcomes as contained in the Statement of Intent for the 2017 / 2018 financial year.

Strategies to achieve Outputs	2017-18 Outcome	2017-18 Target	2016-17 Outcome
<ul style="list-style-type: none"> <li>Book at least twelve major shows (nationally or internationally significant) per year for the Civic Theatre complex.</li> </ul>	20 major shows (All venues) (Achieved)	12 major shows	30 major shows (All venues) (Achieved)
<ul style="list-style-type: none"> <li>Increase bookings of the Civic Theatre complex by local groups and performers.</li> </ul>	30 local bookings (Achieved)	Increase from last year	28 local bookings (Not achieved)
<ul style="list-style-type: none"> <li>Increase bookings and occupancy rate of each venue.</li> </ul>	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 2018**

Strategies to achieve Outputs	2017-18 Outcome	2017-18 Target	2016-17 Outcome
<ul style="list-style-type: none"> <li>Run regular promotions and 'outreach' initiatives to raise awareness of the venues in the Southland community.</li> </ul>	<p>Use of Civic Theatre Facebook page to reach a wide range of the public (2,501 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. (528 Friends)</p>	<p>Continue to develop awareness program</p>	<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>
<ul style="list-style-type: none"> <li>To have a Solvency ratio above 1 at each month end.</li> </ul>	<p>2.39 at year end (Achieved for each month of the financial year)</p>	<p>Ratio of assets over liabilities of above 1</p>	<p>1.82 at year end (Achieved for each month of the financial year)</p>
<ul style="list-style-type: none"> <li>To have a Profitability ratio above 1 at year end.</li> </ul>	<p>1.15 (Achieved)</p>	<p>Ratio of income over expenses above 1</p>	<p>1.15 (Achieved)</p>



**Invercargill Venue & Events Management Limited**

**STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2018**

Strategies to achieve Outputs	2017-18 Outcome	2017-18 Target	2016-17 Outcome
<ul style="list-style-type: none"> <li>Use of marketing and advertising materials to emphasises the significance of each venue, and promote it as an iconic venue in Southland.</li> </ul>	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.	Maintain advertising levels in line with last year	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"> <li>Hold regular staff meetings with the permanent staff to discuss weaknesses and strengths as well as discuss improvements that can be adopted.</li> </ul>	Ongoing	Ongoing meetings as & when required	Ongoing
<ul style="list-style-type: none"> <li>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.</li> </ul>	1 held in 2017/18	2 staff training evenings with casual	Staff training evenings held twice yearly for casual staff.
	3 E-mails sent in 2017/18	Email to inform of new initiatives	E-mails to inform of new initiatives, as and when required.
<ul style="list-style-type: none"> <li>Undertake numerous venue tours during the year to a wide cross section of the community.</li> </ul>	6 tour given to community groups	6 tours a year	1 tour given to community groups
<ul style="list-style-type: none"> <li>Hold an Open Day every two years for all members of the public.</li> </ul>	Held in October 2017	1 open day	Set for October 2017

***Invercargill Venue & Events Management Limited***

**STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2018**

Strategies to achieve Outputs	2017-18 Outcome	2017-18 Target	2016-17 Outcome
<ul style="list-style-type: none"> <li>Work with community groups &amp; stakeholders on hosting events.</li> </ul>	<p>Work with Stadium Southland in attracting and hosting international events and share resources to reduce costs to both organisations.</p> <p>Work with Invercargill Musical Theatre Inc to ensure good working relationships continue to be built.</p> <p>Work with Promoters to ensure Invercargill is a destination for their shows, by providing them with support and advice.</p>	<p>Work with various local, national &amp; international partners</p>	<p>Work with Stadium Southland in attracting and hosting international events and share resources to reduce costs to both organisations.</p> <p>Work with Invercargill Musical Theatre Inc to ensure good working relationships continue to be built.</p> <p>Work with Promoters to ensure Invercargill is a destination for their shows, by providing them with support and advice.</p>
<ul style="list-style-type: none"> <li>Develop a Business Plan to demonstrate how the Vision, Mission and Key Priorities of the Statement of Intent will be implemented.</li> </ul>	<p>Draft Business Plan received by Directors, Strategies to be reviewed by December 2018</p>	<p>No target set</p>	<p>Delayed to 2017/18 due to change of directors</p>

## *Invercargill Venue & Events Management Limited*

### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2018

	<i>Note</i>	2018 \$	2017 \$
Operating revenue		597,087	767,985
Grants revenue		305,942	272,750
<b>REVENUE</b>		<b>903,029</b>	<b>1,040,735</b>
Operating expenses	1	(782,305)	(900,006)
Depreciation of property, plant and equipment	2	(9,504)	(10,921)
<b>OPERATING PROFIT / (LOSS) BEFORE TAX</b>		<b>111,220</b>	<b>129,808</b>
Finance income		6,080	3,189
<b>PROFIT / (LOSS) BEFORE INCOME TAX</b>		<b>117,300</b>	<b>132,997</b>
Income tax expense	3	(2,691)	34,315
<b>PROFIT / (LOSS) FOR THE YEAR</b>		<b>119,991</b>	<b>98,682</b>
Other comprehensive income/(loss) for the year, net of income tax		-	-
<b>TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR</b>		<b>119,991</b>	<b>98,682</b>
<b>Profit / (Loss) for the year attributable to:</b>			
- Owners of the parent		119,991	98,682
		<b>119,991</b>	<b>98,682</b>
<b>Total comprehensive income / (loss) attributable to:</b>			
- Owners of the parent		119,991	98,682
		<b>119,991</b>	<b>98,682</b>

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 2018

	<i>Note</i>	2018 \$	2017 \$
<b>ASSETS</b>			
<i>Current assets</i>			
Cash and cash equivalents	4	314,774	161,203
Trade and other receivables	5	54,735	60,722
Inventories - Finished Goods	6	2,912	2,354
Current tax assets		2,271	1,052
<b>TOTAL CURRENT ASSETS</b>		<b>374,692</b>	<b>225,331</b>
<i>Non-current assets</i>			
Property, plant and equipment	2	30,229	37,963
Deferred tax assets	7	14,942	12,251
<b>TOTAL NON-CURRENT ASSETS</b>		<b>45,171</b>	<b>50,214</b>
<b>TOTAL ASSETS</b>		<b>419,863</b>	<b>275,545</b>
<b>LIABILITIES</b>			
<i>Current liabilities</i>			
Trade and other payables	8	158,861	134,937
Revenue received in advance		16,954	16,551
<b>TOTAL CURRENT LIABILITIES</b>		<b>175,815</b>	<b>151,488</b>
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>175,815</b>	<b>151,488</b>
<b>NET ASSETS</b>		<b>244,048</b>	<b>124,057</b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent:</b>			
Share Capital	9	-	-
Retained Earnings		244,048	124,057
<b>TOTAL EQUITY</b>		<b>244,048</b>	<b>124,057</b>

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 2018

	<u>Attributable to owners of the parent</u>		Total Equity \$
	Share Capital \$	Retained Earnings \$	
<b>Balance at 1 July 2016</b>	-	<b>25,375</b>	<b>25,375</b>
Profit / (Loss) for the year	-	98,682	98,682
Other comprehensive income/(loss) for the year	-	-	-
<b>Balance at 30 June 2017</b>	-	<b>124,057</b>	<b>124,057</b>
<b>Balance at 1 July 2017</b>	-	<b>124,057</b>	<b>124,057</b>
Profit / (Loss) for the year	-	119,991	119,991
Other comprehensive income/(loss) for the year	-	-	-
<b>Balance at 30 June 2018</b>	-	<b>244,048</b>	<b>244,048</b>

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 2018**

	<i>Note</i>	<b>2018</b>	<b>2017</b>
		<b>\$</b>	<b>\$</b>
<b><i>Cash Flows from Operating Activities</i></b>			
Interest received		6,080	3,189
Operational revenue		867,033	1,081,110
Operational expenses		(753,283)	(1,009,233)
GST received		113,781	154,703
GST paid		(106,687)	(139,965)
Deposits received		29,374	(15,711)
Catering expenses paid		261	(261)
Tax refunds received		788	5,398
Tax paid		(2,006)	(1,052)
<b>Net Cash Flow from / to Operating Activities</b>	<b>10</b>	<b>155,341</b>	<b>78,178</b>
<b><i>Cash Flows from Investing Activities</i></b>			
Purchase of property, plant and equipment	2	(1,770)	(8,557)
<b>Net Cash Flow from / to Investing Activities</b>		<b>(1,770)</b>	<b>(8,557)</b>
Net Increase/ (Decrease) in Cash and Cash equivalents		153,571	69,621
Cash and Cash equivalents at the beginning of the year		161,203	91,582
<b>Cash and Cash equivalents at the end of the year</b>	<b>4</b>	<b>314,774</b>	<b>161,203</b>

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 2018**

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#### **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 2018 and were approved & authorised for issue by the Board of Directors on 19 September 2018.

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 2018**

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#### **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 2018**

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#### ***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 2018**

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#### ***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 2018**

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#### ***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 2018**

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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 2018

<b>1 OPERATING EXPENSES</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Audit Remuneration to Audit New Zealand - audit of financial statements	10,726	10,514
Staffing expenses	516,083	475,971
Administration expenses	76,914	92,913
Operating expenses	178,582	320,608
<b>Total Expenditure</b>	<b>782,305</b>	<b>900,006</b>

### 2 PROPERTY, PLANT & EQUIPMENT

	<b>Motor Vehicles</b>	<b>Plant</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Cost</b>			
Balance at 1 July 2017	30,506	31,326	61,832
Additions	-	1,770	1,770
Disposals	-	-	-
Balance at 30 June 2018	30,506	33,096	63,602
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
<b>Accumulated Depreciation</b>			
Balance at 1 July 2017	11,308	12,561	23,869
Depreciation expense	3,839	5,665	9,504
Balance at 30 June 2018	15,147	18,226	33,373
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
<b>Carrying amounts</b>			
At 1 July 2016	23,998	16,329	40,327
At 30 June 2017	19,198	18,765	37,963
At 30 June 2018	<b>15,359</b>	<b>14,870</b>	<b>30,229</b>

## Invercargill Venue & Events Management Limited

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

<b>3 INCOME TAX EXPENSE</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Deferred tax expense	(2,691)	978
Tax losses carried forward	-	33,337
<b>Total income tax expense</b>	<b>(2,691)</b>	<b>34,315</b>
<b><u>Reconciliation of effective tax rate</u></b>		
Profit / (Loss) for the year	117,300	132,997
Permanent differences	482	798
Profit excluding income tax	117,782	133,795
Tax at 28%	32,979	37,462
Tax exempt income	-	-
Under/(over) provided in prior periods	-	-
Group loss offset	(35,670)	(3,147)
<b>Total income tax expense</b>	<b>(2,691)</b>	<b>34,315</b>
Effective Tax Rate	28%	28%

Invercargill City Council will transfer tax losses to Invercargill Venue and Events Management Limited of \$127,394 (2017: \$11,240).

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Imputation credits available for use in subsequent periods	NIL	NIL

<b>4 CASH AND CASH EQUIVALENTS</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
BNZ Operating Account	313,374	159,803
Cash on Hand	1,400	1,400
<b>Total cash and cash equivalents</b>	<b>314,774</b>	<b>161,203</b>

## Invercargill Venue & Events Management Limited

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

#### 5 TRADE AND OTHER RECEIVABLES

	2018 \$	2017 \$
Trade Receivables	54,735	46,657
Catering Receivables	-	261
Prepayments	-	13,804
<i>Total trade and other receivables</i>	<b>54,735</b>	<b>60,722</b>

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

	2018 \$	2017 \$
Items held for sale	2,912	2,354
<i>Total inventory</i>	<b>2,912</b>	<b>2,354</b>

#### 7 DEFERRED TAX ASSETS AND LIABILITIES

<u>Movements in temporary differences during the year</u>		2018 \$	2017 \$
<b>Balance as at 1 July</b>		<b>12,251</b>	<b>46,566</b>
Recognised in profit or loss:			
	Payables and provisions	2,691	(978)
	Tax losses	-	(33,337)
<b>Balance as at 30 June</b>		<b>14,942</b>	<b>12,251</b>

#### 8 TRADE AND OTHER PAYABLES

	2018 \$	2017 \$
Inland Revenue Department - GST	8,440	3,247
Accident Compensation Corporation	2,563	2,351
Invercargill City Council - accrued wages and salaries	77,558	68,302
Audit New Zealand - accrued audit fee	10,726	10,514
Trade Payables	59,573	50,523
<i>Total trade and other payables</i>	<b>158,861</b>	<b>134,937</b>

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 2018

#### 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

	2018 \$	2017 \$
PROFIT / (LOSS) BEFORE INCOME TAX	117,300	132,997
Add/(Less) Non cash items		
<i>Depreciation</i>	9,504	10,921
Add/(Subtract) Movement in Other Working Capital Items:		
<i>(Increase) / Decrease in Accrued Revenue and Prepayments</i>	4,982	66,559
<i>Increase / (Decrease) in GST paid</i>	7,095	14,738
<i>(Increase) / Decrease in Tax paid</i>	(1,218)	4,346
<i>Increase / (Decrease) in Payables and Accrued Expenditure</i>	17,575	(97,876)
<i>Increase / (Decrease) in Revenue in Advance</i>	661	(54,160)
<i>(Increase) / Decrease in Stock</i>	(558)	653
	38,041	(54,819)
Net Cash Flow from Operating Activities	<b>155,341</b>	<b>78,178</b>

#### 11 RELATED PARTIES

	2018 \$	2017 \$
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##### (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>	305,942	267,750
<i>Provision of goods and services</i>	44,748	58,084
<i>Total</i>	<u>350,690</u>	<u>325,834</u>

Invercargill City Council has an outstanding amount owing to Invercargill Venue and Events Management Ltd as at 30 June 2018 of \$610 (2017 - \$1,848).

##### Expenditure

<i>Reimbursement of administration expenses</i>	519,234	491,219
<i>Provision of good &amp; services</i>	44,508	68,066
<i>Total</i>	<u>563,742</u>	<u>559,285</u>

Invercargill Venue and Events Management Ltd has an outstanding amount owing to the Invercargill City Council as 30 June 2018 of \$91,595 (30 June 2017 - \$85,315).

Invercargill City Council will transfer tax losses to Invercargill Venue and Events Management Limited of \$127,394 (2017: \$11,240).



## ***Invercargill Venue & Events Management Limited***

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

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#### **(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>-</u>	<u>22,216</u>

Invercargill City Charitable Trust has no outstanding amount owing to Invercargill Venue and Events Management Ltd as at 30 June 2018 (2017 - \$0)

##### Expenditure

<i>Provision of good &amp; services</i>	15,431	13,521
<i>Total</i>	<u>15,431</u>	<u>13,521</u>

Invercargill Venue and Events Management Ltd has an outstanding amount owing to the Invercargill City Charitable Trust as 30 June 2018 of \$11,500 (2017 - \$11,591).

## **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 2018**

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

#### Financial Assets

Cash and cash equivalents	\$314,774	Variable and fixed interest rates
Trade and other receivables	\$54,735	Outstanding & non interest bearing
0 - 30 days	\$53,355	
30 - 60 days	\$690	
60 - 90 days	\$570	
90 plus	\$120	

#### Financial Liabilities

Trade and other payables	\$158,861	Outstanding & non interest bearing
0 - 30 days	\$158,861	
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 rate

#### *- Sensitivity analysis on Financial Instruments*

Cash and cash deposits: If interest rates on deposits for the year at 30 June 2018 had fluctuated by plus or minus 0.5%, the effect would have been to increase/decrease the operating profit / (loss) by \$1,740 (2017 : \$789)

#### **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 2018 (2017: nil).

#### **15 COMMITMENTS**

There are no capital or operating lease commitments contracted for at 30 June 2018 (2017: 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 2018

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 2018, 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 2018; 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; and
- 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 2018.

Our audit was completed on the 19 September 2018. 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 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 performance information**

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

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

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

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

### **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 that fact. We have nothing to report in this regard.

## Independence

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

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



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