VENUES
ŌTAUTAHI

VENUES ŌTAUTAHI LIMITED ANNUAL REPORT 30 JUNE 2022

WHERE WE SUPPORT LOCAL

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CHAIR & CHIEF EXECUTIVE REPORT

Our Year in Review

The 2021/2022 year for Venues Ōtautahi (VŌ) started strongly and with an optimistic outlook. Optimism was a refreshing sentiment to start the year following the challenging two years prior ravaged by Covid-19.

There were 56 events held across the venue portfolio in the first 6 weeks of the year and a strong financial performance across this period, recording a surplus EBITDA result $574k ahead of budget for the first quarter.

On 18 August however New Zealand returned to Covid-19 Alert Level 4 lockdown, again resulting in an immediate ceasing of all event and venue operations. Between 18 August and 2 December, when the Covid-19 protection framework and traffic light settings were implemented, various alert levels were in place with mass gathering numbers remaining restricted and Covid-19 vaccination protocols for guests and staff in place throughout.

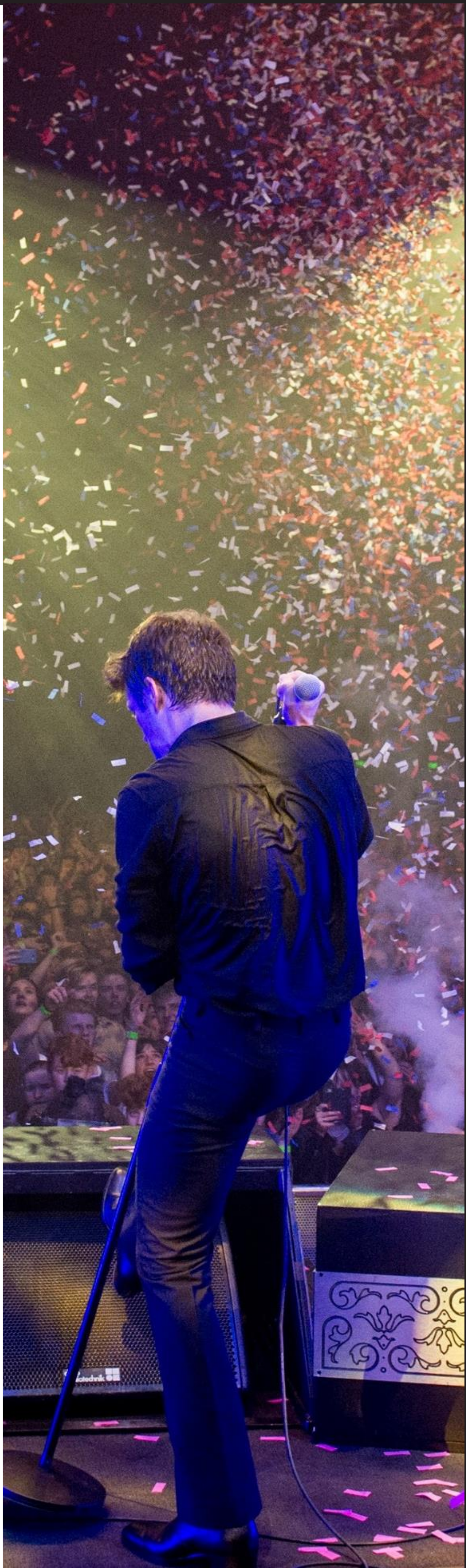
In response, VŌ developed and implemented with immediate effect, the Covid-19 Delta Response and Recovery Strategy to look to protect the business and to position it in the best way possible for a strong return.

The focus of the strategy was on, with urgency, developing a range of initiatives to reduce cost, generate alternative revenue streams, access Central Government support, protect valuable client relationships and future business and on developing a business acceleration programme of projects to take advantage of downtime in the venues and set the business up for a strong return in event activity when able.

Included and fundamental to the VŌ Covid-19 Omicron response and recovery strategy, with immediate effect, permanent staff replaced all casual staff for the delivery of any event activity able to proceed (including the Canterbury District Health Board (CDHB) Vaccination Clinic at Christchurch Arena), all annual leave balances were reviewed, an Easter closedown period implemented, and all services that could be terminated, suspended, or reduced were so.

VŌ also took the opportunity to progress ways the business could support the community in an incredibly challenging environment. VŌ have commercial kitchens, the ability to mass produce and deliver high quality food and have a large team of casual and part time flexible staff.

This provided an opportunity for VŌ to offer support to organisations across the Canterbury region who were planning for potential loss of staff or services because of mass infection or required isolation periods. VŌ developed plans in support of several schools, universities, aged care facilities and the CDHB which provided comfort, support, and assurance of continued delivery of essential services to these businesses.



Following a period in the orange traffic light setting, on 23 January 2022, all New Zealand went into the red traffic light setting with a ban of all gatherings over 100, and, with the exception of some incremental shifts in gathering numbers in March, remained so until 13 April 2022.

It was at this time, Central Government removed access to the Government Employer Wage Subsidy, previously a critical part of the company's ability to respond to the decimation of the events and venues industry as a result of Covid-19.

In totality across the financial year, 31 weeks out of the 52 were under Covid-19 mass gathering restrictions, either complete bans or restricted gathering numbers. Of the events scheduled during this period, this resulted in 30% of events cancelling, 50% postponing and only around 20% of events going ahead as planned (or with limited attendees).

From mid-April however VŌ returned to business as usual and like it began, ended the year positively. For the full year, we welcomed over 300,000 guests to the venues, delivered 207 events and despite the impacts of Covid-19 on the event calendar, the venues delivered an estimated direct economic benefit of around $14m to the region.

The event calendar included 8 major ticketed events with VŌ proud to host 5 Women's International Cricket World Cup matches at Hagley Oval, including a sold out final, as well as 3 Black Cap test matches, 1 versus Bangladesh and 2 against South Africa.

It was also fantastic to see corporate events return after the strong start to the year, then a forced Covid-19 hiatus for many, with over 115 corporate events delivered across the venue portfolio.

Orangetheory Stadium was also host to the Crusaders ending their albeit disrupted but stunning home season with a semi-final win over the Highlanders to then go on to bring the 2022 Super Rugby Pacific Trophy home following a sensational finals win over the Blues in Auckland.

In summary, the implementation of the Covid-19 Delta Response and Recovery Strategy, the strong start to the year, the variable cost model of the business and changes implemented in 2020, the Government Employer Wage Subsidy and Resurgence Support Payments, and the Canterbury District Health Board (CDHB) mobile vaccination clinic at Christchurch Arena were all key factors contributing to an annual financial performance not otherwise expected or able to be achieved under these circumstances.

The business, despite the significant challenges of the year and a $4m negative variance against budgeted revenue, achieved a year end surplus EBITDA result of $716k against a budget of $437k, $279k above budget.

Community

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

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

VŌ maintained a focus during the year on community access to and connection with their venues and continued to support individuals and groups through the provision of discounted venue

hire rates at Christchurch Arena and Christchurch Town Hall.

Over the year there were 32 events held at the venues attracting a venue discount equating to a value of $116,930.

The establishment of the Ōtautahi Collective and inclusion of a community fund in all syndicate partnerships was delayed in FY21/22 due to the constraints of Covid-19 however is a priority for FY22/23. This will further enhance VŌ's ability to increase connection with and accessibility to the VŌ venue portfolio.

A key highlight of the year was the support provided to the Canterbury District Health Board (CDHB) in their critical role in the national and local response to Covid-19.

The Arena was utilised as a drive through Vaccination Centre and Rapid Antigen Test (RAT) distribution site while it was unable to be used for business-as-usual activity during the various Covid-19 alert levels restricting the ability to deliver events in the Arena during the year and provided VŌ the opportunity to support the community and local district health board at a time when this was much needed.

Across 165 days, the Arena delivered 63,596 vaccinations to the Canterbury community between August 22 – September 4, 2021 (14 days), October 4 – December 23, 2021 (81 days), and January 5 – March 15, 2022 (70 days). The venue was also a drive through RAT distribution centre for 22 days from 5 March to 26 March.

The transition of the Arena from a concert, expo, sporting venue to a drive-thru vaccination centre was impressive and the CDHB were delighted with the support of VŌ, also utilising VŌ staff at other mobile vaccination clinics around the city. This contribution to the community and the seamless way the Vaccination Centre was set up and managed was testament to both the VŌ team's dedication and commitment and also the Arena's flexibility and versatility as a venue.

Celebrate and Source Local

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

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

In FY21/22, VŌ sourced 78% of all food and beverage product from Canterbury with the remainder of produce coming from the rest of New Zealand and only 5% from overseas. Prior to April 2020, 30% of products were imported, 50% were from the North Island and only 5% were from the Canterbury region.

Procuring locally has not only delivered a positive economic benefit to the region with, despite the constraints of Covid-19, around $1m of direct economic contribution to local producers and suppliers over the year but also means VŌ can provide clients and guests with the best food and beverage experience the region has to offer.

Procuring locally will remain a focus and priority of VŌ with $1.7m, $1.9m and $2.1m of direct economic contribution to Canterbury suppliers forecast across the next 3 financial years. With the intent this approach extends beyond food and beverage to all venue products and services this direct contribution to the Canterbury region will grow.

Sustainability

Sustainability is also a critical focus of VŌ in the operation of all venues across the portfolio with caring for the environment using thoughtful and sustainable methods and always acting with future generations in mind a strategic priority.

In an industry of mass gatherings generating large volumes of waste, taking a strategic approach to sustainability is both a challenge and an opportunity. On this basis and to date, the focus of the business has been to develop innovative sustainable operational practices particularly focused on waste management and food and beverage packaging.

The waste management packaging strategy for the venues focuses on compostables, reuseables and to a smaller degree recyclables. VŌ have also recently partnered with a new waste management company to seek to develop and implement landfill dversion rates of over 80%.

VŌ has a target of carbon neutrality by 2030. In support of achieving this goal have engaged with Toitū Envirocare, a specialist provider of business sustainability services, to seek recognition for the Arena and all other VŌ venues through the Toitu Environmental Management Accreditation Programme.

It is the company's goal to achieve bronze Enviro-Mark accreditation for the full suite of venues by the end of 2022 and gold accreditation by mid-2023. It is also VŌ's goal to be an accredited B-Corporation by mid-2023.

In light of these targets the focus for all venues is to extend operational sustainable practices to the physical asset with both solar implementation and hydrogen conversion both initiatives being considered for the Christchurch Arena particularly.

Te Kaha

In FY21/22 VŌ as the operator of Te Kaha has been intensively engaged in the concept, preliminary and developed design phases of the project. VŌ will continue this intense level of engagement through the remaining design, construction, and commissioning phases of the new venue prior to its opening in mid-2025.

Te Kaha is the last of the 16 Anchor Projects considered necessary to regenerate the city centre of Christchurch following the catastrophic sequence of major earthquakes that devastated the city in 2010 and 2011.

Each of the Anchor Projects symbolises the next step in a long road to recovery and Te Kaha as the last is the most important of all. It is a symbol of resilience, endurance and strength and end of a journey through all of its challenges has bonded the people of the city together.

This endurance and strength are reflected in the name gifted to the precinct by Ngāi Tūāhuriri, Te Kaharoa and to the arena itself, Te Kaha. Names that will carry the legacy of this important symbol forever.

Te Kaha will be a venue, the community will take incredible pride in. It will celebrate everything wonderful about the Canterbury region and will do on the world stage. It will activate and connect this part of the city and the surrounding precinct will bring heart, life, and warmth to the external facing part of the venue.

Te Kaha will be more than a stadium; it will be a place, and it will have heart. A place where Ōtautahi comes together, a place where we will celebrate local, a place where current and future

generations will have experiences etched into their memories forever and Te Kaha will be a place for us all to be proud.

Te Kaha is both a tribute to our heritage and a symbol of our future as New Zealand's number one cultural, business and sporting destination.

VŌ is focused on the importance of the whole of life versus capital trade-offs for Te Kaha and has demonstrated this commitment throughout the design phases of the project to date.

In FY21/22 VŌ, in collaboration with the Te Kaha Project Delivery Board and Council, developed and commenced the activation of the communications, stakeholder engagement and brand development strategy for Te Kaha. The intention of the strategy is to not only build community connection and pride in what will be a stunning venue for the region but to activate and underpin the commercial strategy to maximise the opportunity of Te Kaha for the community.

Te Kaha is a critical project for the city and VŌ feel privileged to be involved and to take care of this incredible and world class venue on behalf of the Canterbury community.

Reflection and Looking Forward

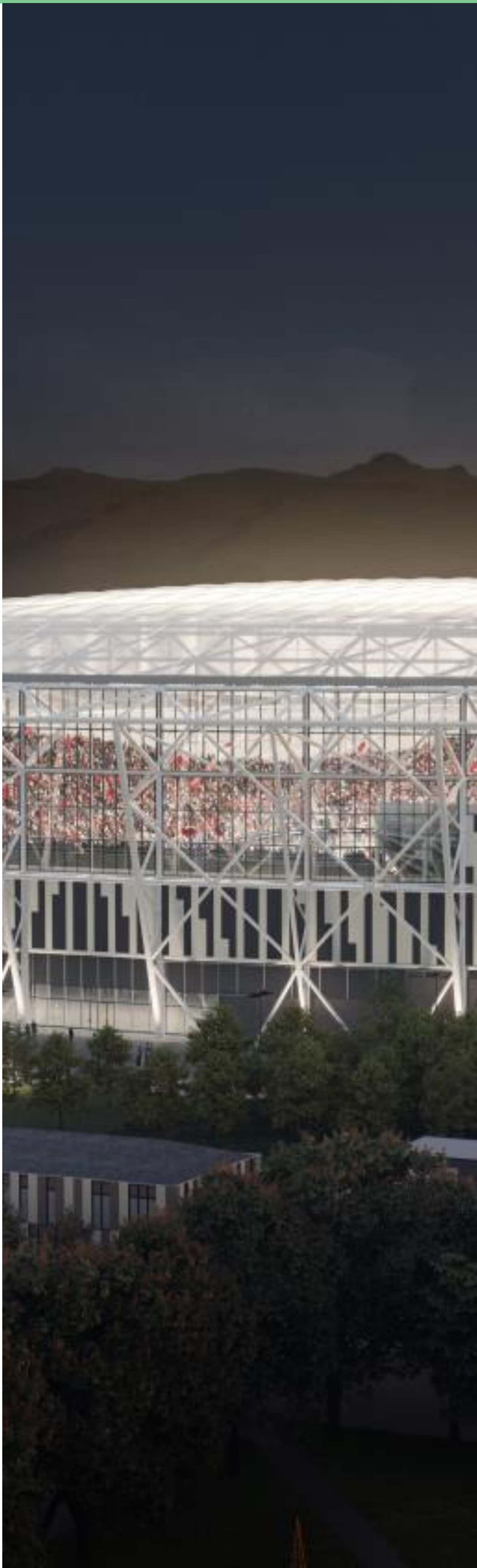
Finally, we would like to acknowledge the VŌ team, who have endured so much over the past years, for their flexibility and willingness to do whatever it takes, their continued support of one another, their focus on looking after and giving confidence to our valuable clients and guests and for their utmost grace as they have navigated their way through this difficult time.

We would also like to acknowledge our key partners. This industry has been through a torrid and tumultuous time, but we have come out the other side with a stronger bond between us and a reinvigorated sense of the value in collaboration and connection. Thank you for your loyalty and support.

Further afield the outlook for FY22/23 is positive with a strong event forecast and a business and team ready to embrace the optimism of the future. VŌ will continue to focus on attracting those events that deliver the most significant and positive impact to the social, cultural, and economic wellbeing of the region and to the business itself and on celebrating and sourcing local in any way we can.

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

______________________	30 November 2022
Chief Executive **Caroline Harvie-Teare**	Date
______________________	30 November 2022
Chair **Gill Cox**	Date



BUSINESS AND FINANCIAL OVERVIEW

Despite the continued challenges of Covid-19 in the events and venue industry, Venues Ōtautahi's financial performance exceeded expectations, mainly due to excellent expenditure control with the development and activation of a Covid-19 response and recovery strategy when New Zealand was once again placed in Alert Level 4 in August 2021.

Included and fundamental to the VŌ Covid-19 Omicron response and recovery strategy, with immediate effect, permanent staff replaced all casual staff for the delivery of any event activity able to proceed (including the Canterbury District Health Board (CDHB) Vaccination Clinic at Christchurch Arena).

VŌ also took the opportunity to progress ways the business could support the community in an incredibly challenging environment. VŌ have commercial kitchens, the ability to mass produce and deliver high quality food and have a large team of casual and part time flexible staff.

For the year ended 30 June 2022, the Company had a net surplus after tax of $0.9 million (2021: deficit $6.2 million).

Financial results summary as follows:

Revenue from exchange transactions were $10.3 million compared to $11.8 million last year. Operating and personnel expenses were $15.6 million compared to $14.6 million last year with an increase in costs associated with the management services agreement with the Christchurch City Council to support the asset management and operations of Orangetheory Stadium (previously Christchurch Stadium Trust prior to the asset transfer to Christchurch City Council in July 2021).

The deficit when compared to the prior year reflects the challenging environment faced by VŌ during the year with a net operating deficit of $1.1 million (2021: $0.1 million).

Included in other revenue from non-exchange transactions is the Covid-19 subsidy and resurgence support payments ($1.9 million combined) along with capital grant funding of $5.2 million with capital funding tagged to the company's asset management plan.

	2022 $000	2021 $000
Revenue from exchange transactions	10,313	11,764
Revenue from non-exchange transactions	4,275	2,725
Operating expenses	15,680	14,616
Net operating surlpus/(deficit)	(1,092)	(127)
Other revenue from non-exchange transactions	7,148	1,257
Other expenses	(9,361)	(9,541)
Operating surlpus/(deficit) before tax	(3,305)	(8,411)
Income tax income from operations	4,172	2,204
Net surplus/(deficit)	868	(6,207)

The company received Council operational grants of $4 million during the 2022 financial year (2021: $2.5 million).

Operating cashflows were positive at $1.8 million for the year compared to $0.8 million in the previous year.

For and on behalf of the Board.

______________________	30 November 2022
DIRECTOR	**DATE**
______________________	30 November 2022
DIRECTOR	**DATE**

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 $000	2021 $000
Revenue from exchange transactions	1a	10,313	11,764
Revenue from non-exchange transactions	1a	4,275	2,725
Expenses	1b	9,255	8,725
Personnel costs	1c	6,425	5,891
Surplus/(deficit) before other non-exchange revenue, other expenses and income tax expense		(1,092)	(127)
Other non-exchange revenue			
Government Covid-19 subsidies and resurgence support payment		1,906	1,257
Council capital grant	17	5,242	-
Total other non-exchange revenue		7,148	1,257
Other expenses			
Depreciation and amortisation	7 & 8	8,175	8,233
Finance costs		1,154	1,154
Transition costs		-	21
Loss on disposal of assets		32	133
Total other expenses		9,361	9,541
Surplus/(deficit) before income tax expense		(3,305)	(8,411)
Income tax	2a	4,172	2,204
Surplus/(deficit) from operations for the year		868	(6,207)
Other comprehensive revenue and expense			
Net movement on property valuations		24,728	-
Deferred tax movement taken to revaluation reserve		(6,924)	-
Total other comprehensive revenue and expense		17,804	-
Total comprehensive revenue and expense		18,671	(6,207)

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2022

	Capital $000	Asset revaluation Reserve $000	Accumulated surpluses / (deficits) $000	Total $000
Balance at 1 July 2020	234,636	14,540	(68,184)	180,992
Total comprehensive revenue and expense for the period				
Surplus/(Deficit) for the year	-	-	(6,207)	(6,207)
Total comprehensive revenue and expense for the year	-	-	(6,207)	(6,207)
Transactions with owners, recorded directly in equity				
Share issue - ordinary shares	10,000	-	-	10,000
Total contributions by, and distributions to, owners	10,000	-	-	10,000
Balance at 30 June 2021	244,636	14,540	(74,391)	184,785
Total comprehensive revenue and expense for the period				
Surplus/(Deficit) for the year	-	-	868	868
Other comprehensive revenue and expense, net of revenue and expense tax				
Net movement on property valuations	-	24,728	-	24,728
Deferred tax movement taken to revaluation reserve	-	(6,924)	-	(6,924)
Total comprehensive revenue and expense for the year	-	17,804	868	18,671
Balance at 30 June 2022	244,636	32,344	(73,524)	203,456

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

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

	Note	2022 $000	2021 $000
Current assets			
Cash and cash equivalents	16	7,275	7,214
Trade and other receivables	3a	680	720
Other financial assets	4	6,000	2,000
Inventories	5	259	324
Other current assets	6	82	87
Total current assets		14,296	10,345
Non-current assets			
Property, plant & equipment	7	231,887	213,675
Intangible assets	8	383	171
Deferred tax assets	2d	14,205	11,799
Total non-current assets		246,475	225,645
Total assets		260,771	235,991
Current liabilities			
Trade and other payables	9a	2,267	2,693
Employee entitlements	10	553	561
Current tax payables	2b	-	1,031
Total current liabilities		2,820	4,285
Non-current liabilities			
Trade and other payables	9b	1,799	1,914
Borrowings	11	15,885	15,885
Deferred tax liabilities	2d	36,811	29,122
Total non-current liabilities		54,495	46,921
Total liabilities		57,315	51,206
Net assets		203,456	184,785
Equity			
Capital and other equity instruments	12	244,636	244,636
Asset revaluation reserve		32,344	14,540
Accumulated surpluses/(deficits)		(73,524)	(74,391)
Total equity		203,456	184,785

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

For and on behalf of the Board

DIRECTOR	30 November 2022 DATE	DIRECTOR	30 November 2022 DATE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 $000	2021 $000
Cash flows from operating activities			
Receipts from customers		10,451	12,031
Subvention received		1,500	-
Council operating grant		4,050	2,500
Government wage subsidy and resurgence support payment		1,906	907
Payments to suppliers and employees		(16,098)	(14,593)
Net GST movement		10	(26)
Net cash provided by (used in) operating activities	16	1,819	819
Cash flows from investing activities			
Purchase of investments		(14,000)	(10,000)
Council capital grant		5,242	-
Pre-paid lease rental revenue		134	268
Payment for property, plant & equipment		(2,068)	(12,039)
Interest received		77	33
Sale of property, plant & equipment		11	13
Maturity of investments		10,000	10,000
Net cash provided by (used in) investing activities		(604)	(11,725)
Cash flows from financing activities			
Proceeds from issues of equity securities		-	10,000
Interest and other finance costs paid to related party		(1,154)	(1,154)
Net cash provided by (used in) financing activities		(1,154)	8,846
Net increase in cash and cash equivalents		61	(2,060)
Cash and cash equivalents at beginning of year		7,214	9,274
Cash and cash equivalents at end of year		7,275	7,214

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

STATEMENT OF SERVICE PERFORMANCE

OBJECTIVE & STRATEGY		
PERFORMANCE MEASURE	2021/2022	PROGRESS AS AT 30 June 2022
Economic Impact		
Attract and manage events that generate positive financial impact contributing to a Prosperous Economy, Liveable City and Strong Community as is defined under the Council strategic framework outcomes	Maximise visitor spending by holding at least 13 major ticketed events at Venues Ōtautahi venues[1.] 'Events Economics Tool'[2] used to estimate visitor spending on a sample of major events	Due to the return to Covid-19 Alert Level 4 from 18 August 2021 Venues Ōtautahi had not held a major event in the first half of the 2022 financial year. There were 8 major events held in the period 1 January to 30 June 2022 including three Test Matches between the Black Caps vs Bangladesh and South Africa and ICC Women's Cricket World Cup (5 matches at Hagley Oval) Venues Ōtautahi used the Events Economics Tool to estimate the economic benefit for the Women's Cricket World Cup with an estimated economic benefit of $8.9 million to the Canterbury region for the matches held at Hagley Oval.
Contribute direct economic benefit to the region[3.] through implementation of local procurement strategy where commercially viable	70% of food and beverage product lines procured from Canterbury	Venues Ōtautahi focus remains strongly on continuing to celebrate and source local with 78% of all food and beverage sourced from Canterbury suppliers for the period 1 July 2021 to 30 June 2022
Social and Cultural Impact		
Maximise attendance at Venues Ōtautahi venues which contributes to a Liveable City and Strong Community Council strategic framework outcomes	Guests to venues exceed 500,000	Attendance at Venues Ōtautahi venues prior to the Covid-19 Alert Level change on 18 August 2021 was 89,162. Total attendance for the full year, including Venues Ōtautahi operating under the Covid-19 Framework restrictions for 8 months of the year, was 307,193. This includes the CDHB vaccination drive through at the Christchurch Arena of 63,596 based on the number of vaccinations administered at the drive through venue.
Develop and implement a prioritisation framework to reflect non-discretionary community benefit events.	Prioritisation framework developed	The number of community events and the discounted value associated is reported to Council on a quarterly basis. The purpose of this reporting is to assure the shareholder of Venues Ōtautahi's prioritisation of community connection with and access to their venues. It has been agreed with Council via Venues Ōtautahi FY23-25 SOI this reporting will continue to provide continued assurance around the prioritisation of community connection with and access to Venues Ōtautahi venues and that this will replace the requirement for a prioritisation framework.

OBJECTIVE & STRATEGY		
PERFORMANCE MEASURE	2021/2022	PROGRESS AS AT 30 June 2022
Develop and implement a prioritisation framework to reflect syndicate community fund allocation	Prioritisation framework developed	The community fund and supporting prioritisation framework for its allocation will be established when the Ōtautahi Collective syndicate is formally in place. Ōtautahi Collective discussions commenced in October 2021 but were paused until a more compelling engagement proposition could be established through the return of a normal level of event activity in the venues. The Ōtautahi Collective be established by the end of calendar 2022.
Make venues available to support local community groups/individuals	At least 35 events receive the community rate or $50,000 of syndicate community funds are allocated to community groups or individuals	Venues Ōtautahi focus remains strongly on community access to and connection with the venues. With 37 groups or individuals having received the community rate. While the syndicate community fund was not established due to the Covid-19 related delay in establishing the Ōtautahi Collective, community discounts applied at Venues Ōtautahi venues in FY21/22 totaled $116,930, $66,930 over the $50,000 target.
Client and Guest Experience		
Client Net Promoter Score (NPS[4])	Achieve greater than 45 NPS[4] during the year	The target of 45 NPS was well surpassed with an NPS of 68 for the full year to 30 June 2022
Guest NPS[4]	Achieve greater than 45 NPS[4] during the year	New supporting software for guest NPS survey was identified in July 2021. The investment in this new software was paused however due to the return to Covid-19 Alert Levels and resulting constraint on the business. With a return to a more normalised level of event activity the regular surveying of Venues Ōtautahi guests recommenced in June 2022 supported by this new software. The NPS for the month of June was 66. With regard to major events supported by ChristchurchNZ, guest surveys were undertaken by ChristchurchNZ and the NPS data provided to Venues Ōtautahi for the Women's Cricket World Cup tournament was 68. Information was received from the Crusaders for the Super Rugby matches played at Orangetheory Stadium. The average NPS score for the 2022 season was 64.
People and Relationships		
Employee NPS[4]	Implement an employee NPS[4] target using baseline data	New supporting software for staff NPS surveys is in place and the baseline target of greater than 45 agreed.

OBJECTIVE & STRATEGY		
PERFORMANCE MEASURE	2021/2022	PROGRESS AS AT 30 June 2022
Asset Care		
Ensure assets are maintained at a suitable level for general use at all venues.	The Asset Management Plan (AMP) is reviewed and updated annually, and asset maintenance is compliant with the AMP timetable.	Due to constraints of Covid-19 on supply of materials and services, the timing of the AMP for the 2022 financial year is slightly delayed. This is expected to be on track by January 2023, with the reprioritisation of some aspects of the capital programme. Of note, there have been no delays to any capital projects associated with ensuring the venues are both safe and compliant. Monthly dashboard reporting tracking the delivery of the AMP is provided to the Venues Ōtautahi Board. Annually the AMP is reviewed, amended as required and approved by the Venues Ōtautahi Board as part of the budgeting process.
Health, Safety and Wellbeing		
Maintain a comprehensive health, safety, and wellbeing strategy	Continuously improve the health, safety, and wellbeing strategy	Venues Ōtautahi focus remains strongly on the continuous improvement of the health, safety, and wellbeing framework for the business and ensuring all stakeholders are healthy and well. As a result of this strategic direction, the health, safety, and wellbeing outcomes will ultimately also improve. Continuous improvement initiatives across the health, safety and wellbeing framework include a review of the current software system, third party engagement and planning for the implementation of third-party pre-qualification process, safe delivery of events under Covid-19 restrictions and the development of Covid-19 policies and guidelines, post season debrief sessions, implementation of a health and safety feedback portal and preparing for a return to events has been a focus during the year.
Digital Transformation		
Reimagine the Venues Ōtautahi business through digital transformation	Develop digital transformation strategy	Digital transformation of the Venues Ōtautahi business is well on track with a significant upgrade to Ungerboeck, Venues Ōtautahi's financial and event management system, new content management system (CMS) technology at Christchurch Arena and Christchurch Town Hall, new Venues Ōtautahi website including client lead plan your own event functionality, upgraded rostering system, implementation of an operations real time tracking system and the implementation of a click and collect online food and beverage ordering system across all venues. Digital transformation will continue to be a focus on FY22/23.
Te Kaha Multi Use Arena (formerly CMUA)		
Play our part in the design of Te Kaha and ensure the operational fundamentals are reflected in the design of the new venue	Operator engagement in the design and early construction phases of Te Kaha	As operator of Te Kaha Venues Ōtautahi has had intensive engagement in the preliminary and developed design phases of the project during the quarter. All design decisions supported by Venues Ōtautahi reconcile with the design fundamentals as per the Te Kaha (CMUA) Investment Case as well as the strategic design fundamentals of operational functionality, commercial viability, guest experience, multi-use, accessibility and inclusivity and sustainability.

OBJECTIVE & STRATEGY		
PERFORMANCE MEASURE	2021/2022	PROGRESS AS AT 30 June 2022
Maximise the social, cultural, and economic impact of Te Kaha for the people of Christchurch	Develop commercial and community engagement strategy for Te Kaha	The development of the brand and narrative for Te Kaha was completed in Q4 FY21/22. The brand and narrative will not only connect the community with the venue prior to opening but will underpin and was the first phase in developing the commercial strategy. Phase two in developing the commercial strategy for Te Kaha could only commence when the decision by Council was made to go forward with the project. This decision was confirmed 14 July 2022 with the next phase in developing and activating the commercial strategy commencing Q1 FY22/23. Stakeholder engagement has been a focus on Q3 and Q4 FY21/22. The formal communications and engagement strategy is complete with formal implementation commencing Q1 FY22/23.
Sustainability and Environment		
Contribute to reducing the City's carbon footprint	Develop and implement a sustainability strategy that supports the reduction in the city's carbon footprint target	Venues Ōtautahi have engaged with Toitū Envirocare, a specialist provider of business sustainability services, to support the business in the development of a sustainability strategy, a robust environmental management system and to seek recognition through the Toitu Environmental Management Certification Programme. Venues Ōtautahi will be working towards Toitū Gold Environ-mark certification commencing Q1 FY22/23. This will be a phased process with the achievement of Bronze certification a target for end calendar 2022 and Gold Enviro-mark certification which will include the development of the Venues Ōtautahi sustainability strategy by end June 2023.
	Develop benchmark sustainability targets to contribute to reducing the city's carbon footprint.	To align with Council sustainability targets and as per the Venues Ōtautahi Letter of Expectation the target for Venues Ōtautahi is to achieve net carbon neutrality by 2030. Baseline sustainability data and targets will be developed with support from Toitū as part of the Toitū Environmental Management Certification Programme. Targets will be phased across the coming 7 financial years to underpin the achievement of net carbon neutrality by 2030
Governance		
Report to Shareholder	Meet all Local Government Act (LGA) and Council reporting deadlines.	All Local Government Act (LGA) and Council reporting deadlines met.

1 **Major Events are defined as follows:**

- Arena: Event attendance > 5000
- Stadium: Ticketed events other than Super Rugby and NPC games
- Hagley Oval: International cricket or large ticketed matches such as the Black Clash

2 **Event Economics Tool**

- The event economics tool estimates the economic benefit derived from major events held in Venues Ōtautahi venues
- For major events supported by ChristchurchNZ validated economic benefit data is provided

3 **Region defined as:**

- Christchurch/Canterbury – can include National or International suppliers if their point of origin is Canterbury

4 **Net Promoter Score**

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

Categories

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

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

Definition of Guests for NPS
Venues Ōtautahi defines a guest for the calculation of the guest net promoter score as follows:
- Guests attending ticketed events, ticketed through Venues Ōtautahi's ticketing provider and
- Guests attending major events supported by ChristchurchNZ (guest NPS included in event economics reports provided to VŌ by CNZ)
- VŌ guest NPS covers all ticketed events excluding Super Rugby and international cricket, which are represented as part of the Crusaders and CNZ NPS score.

Impact of Covid-19
Covid-19 continued to challenge the business throughout the 2022 financial year.

Event income and contribution was strong in July and August 2021 with 56 events held across all venues prior to the return to Alert Level 4 in August 2021. Although event income was lower than budget by $0.9 million in the first quarter, following a return to Alert level 4, the Response and Recovery Strategy activated with immediate effect allowed for a strong start to the financial year with a positive EBITDA variance of $0.6 million against budget for the first quarter to 30 September 2021.

VŌ held 53 events (Budget: 113) between 1 October and 31 December 2021 under alert level restrictions. The negative event income against budget for the second quarter, including food and beverage was $2.2 million (YTD: $3.1 million).

For the period 1 January to 31 March 2022 VŌ held 28 events (Budget: 60) with a negative event income variance of $0.8 million (YTD $3.9 million).

Due to the uncertainty of when the events and venue industry would return to normal activity, with no restrictions on public gatherings, the new software for guest NPS surveys identified in July 2021 was placed on hold. The new software for guest NPS surveys was introduced in the last month of the financial year.

With an easing of the traffic light setting under the Covid-19 Protection Framework in April 2022 VŌ held 66 events in the last quarter of the financial year with 55 events held in May and June 2022 (Budget: 62). The negative event income against budget for the last quarter, including food and beverage was $0.1 million (Full year: $4 million).

The performance in the last quarter of the financial year shows how quickly events return to venues.

Venues Ōtautahi continues to monitor the impact of Covid-19 and at the time of issuing the financial statements had not identified any material risk to the company's ability to continue as a going concern. This is due to the Covid-19 response and recovery strategy quickly reestablished in August 2021 and strong event forecast in 2022/2023.

FINANCIAL PERFORMANCE TARGETS

Full year performance against target

	2022 Actual $000	2022 Target $000	Variance $000
Direct operating income	10,143	13,863	(3,720)
Grant revenue received from Council	4,050	4,050	-
Government wage subsidy	1,906	-	1,906
Less: Direct operating expenses	9,558	11,160	1,602
Less: Net operating overheads and fixed costs	5,825	6,316	491
EBITDA	716	437	279

Ratio of shareholders funds to total assets

The ratio of shareholders' funds to total assets is:

Actual	Target
78%	80%

The capital structure

	Actual $000	Target $000	Variance $000
Issued shares and other equity instruments	244,636	245,436	800
Debt	15,885	15,885	-
Total assets	260,771	231,419	29,352

The positive variance of total assets against target relates to the revaluation for the Christchurch Town Hall and Christchurch Arena at 30 June 2022 along with higher than forecasted cash and term investments at balance date. The higher cash balance relates to the timing of costs associated with the asset management plan due to constraints on supply of materials and services in the 2022 financial year.

Facilities rebuild

	Actual $000	Target $000	Variance $000
Facilities repair/rebuild			
Asset Management Plan	780	4,297	3,517
Operational Equipment	987	945	(42)
	1,767	5,242	3,475

The timing of the asset management plan has been delayed in the 2022 year due to the ongoing constraints of Covid-19 on the supply of materials and services.

The final stage of the Christchurch Arena roof strengthening was planned to be completed in December 2021. This is now scheduled for completion in January 2023.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

1 PROFIT FROM OPERATIONS

1a Revenue

	Note	2022 $000	2021 $000
Revenue from exchange transaction			
Rendering of services		9,726	11,565
Interest revenue:			
Bank deposits		85	17
Total interest revenue		85	17
Other revenue:			
Profit on disposals of assets		14	40
Miscellaneouse revenue		487	142
Total other revenue		501	182
Total revenue from exchange transactions		10,313	11,764
Revenue from non-exchange transaction			
Rental revenue		225	225
Council operating grant	17	4,050	2,500
Total revenue from non-exchange transactions		4,275	2,725

1b Operating expenses

	Note	2022 $000	2021 $000
Operating expenses:			
Operating lease expenses - minimum lease payments		268	238
Food and beverage expenses		1,490	2,195
Management fee	17	-	89
Directors Fees		106	88
Audit fees		67	65
Audit fee relating to the previous financial year		-	31
Other expenses		7,324	6,019
Total operating expenses		9,255	8,725

1c Personnel costs

	2022 $000	2021 $000
Personnel costs:		
Salaries and wages	6,280	5,838
Defined contribution plan employer contributions	153	129
(Decrease)/increase in employee entitlements	(8)	(76)
Total personnel costs	6,425	5,891

Salaries and wages contain no severance payments for the year. (2021: $0.01 million).

2 INCOME TAXES

2a Income tax recognised in profit or loss

	2022 $000	2021 $000
Tax expense income comprises:		
Current tax (income)	-	-
Adjustments to current tax in prior years	(1,031)	-
Prior year subvention received	(1,500)	-
Deferred tax relating to temporary differences	(1,641)	(2,204)
Total tax income on operations	(4,172)	(2,204)

Reconciliation of prima facie income tax:

	2022 $000	2021 $000
Surplus/(deficit) from operations	(3,304)	(8,411)
Income tax calculated at 28%	(925)	(2,355)
Non-deductible expenses:		
Entertainment	2	1
Reversal of fixed life intangible property	(2,192)	-
Non-assessable income:		
Prior year subvention	(1,500)	-
Over provision of previous year's income tax	443	150
Income tax income from operations	(4,172)	(2,204)

During the 2022 income tax year, tax losses of $5.36 million were transferred to the Christchurch City Council Tax Group by a subvention payment of $1.50 million and loss offset of $3.86 million

2b Current tax assets and liabilities

	2022 $000	2021 $000
Current tax payables:		
Income tax payable	-	1,031
Total current tax liability	-	1,031

In previous years, a deduction of $11.51 million claimed in the 2018 income tax return for the loss on the disposal of fixed life intangible property was not recognised for accounting purposes, as the 2018 income tax year was under review with Inland Revenue. This has now been cleared and as a result the deduction has been recognised in the tax balances shown in the accounts. The adjustment to recognise the deduction reverses the prior year tax liability of $1.03 million and increases the deferred tax asset in relation to tax losses.

2c Imputation credit account balances

There are no imputation credits available for use in subsequent periods (2021: nil)

2 INCOME TAXES (CONT)

2d Deferred tax balances

Taxable and deductible temporary differences arise from the following:

Year ended 30 June 2022	Opening balance	Charged to income	Charged to other comprehensive income	Closing balance
	$000	$000	$000	$000
Deferred tax liabilities:				
Property, plant & equipment	26,447	765	6,924	34,136
Earthquake recoveries and other items	2,675	-	-	2,675
Total deferred tax liabilities	29,122	765	6,924	36,811
Deferred tax assets:				
Provisions	121	7	-	128
Losses carried forward	11,678	2,400	-	14,077
Total deferred tax assets	11,799	2,407	-	14,205
Net deferred tax liability/(asset) balance	17,323	(1,641)	6,924	22,606

Year ended 30 June 2021	Opening balance	Charged to income	Charged to other comprehensive income	Closing balance
	$000	$000	$000	$000
Deferred tax liabilities:				
Property, plant & equipment	26,947	(500)	-	26,447
Earthquake recoveries and other items	2,675	-	-	2,675
Total deferred tax liabilities	29,622	(500)	-	29,122
Deferred tax assets:				
Provisions	8	113	-	121
Losses carried forward	10,087	1,591	-	11,678
Total deferred tax assets	10,095	1,704	-	11,799
Net deferred tax liability/(asset) balance	19,527	(2,204)	-	17,323

3 TRADE AND OTHER RECEIVABLES

3a Current trade receivables

		2022 $000	2021 $000
Exchange transactions			
Trade receivables		564	472
Provision for impairment	3c	-	-
Net trade receivables		564	472
Exchange transactions other receivables		130	161
Total exchange receivables		694	633
Non-exchange transactions			
Non exchange transactions related party other receivables		13	70
GST receivable		(27)	17
Total non-exchange receivables		(14)	87
Total current trade and other receivables		680	720

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

3b Current trade receivables aging

The status of trade receivables as at 30 June 2022 and 2021 are detailed below:

	2022 $000			2021 $000		
	Gross $000	**Impairment $000**	**Net $000**	**Gross $000**	**Impairment $000**	**Net $000**
Not past due	557	-	557	462	-	462
Past due 31 - 120 days	7	-	7	10	-	10
Past due 91 - 120 days	-	-	-	-	-	-
Past due > 120 days	-	-	-	-	-	-
Total	564	-	564	472	-	472

The carrying value of receivables that would otherwise be past due or impaired whose terms have been renegotiated, amount to nil (2021: nil).

3c Current trade receivables and other receivable impairment movement

	2022 $000	2021 $000
Individual impairment	-	-
Total impairment	-	-
Movement in provision for impairment		
As at 1 July	-	-
Additional provisions made during the year	(13)	(2)
Provisions reversed during the year	13	1
Receivables written off during the year	-	1
Balance at 30 June	-	-

The expected credit loss rates for receivables at 30 June 2022 are based on the payment profile of trade receivables at the measurement date. Deposits are received in advance for events and given the short period of credit risk exposure, we have determined that the impact of macroeconomic factors is not significant.

4 OTHER FINANCIAL ASSETS

Other current financial assets

	2022 $000	2021 $000
Term deposits	6,000	2,000
Total other current financial assets	6,000	2,000

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

5 CURRENT INVENTORIES

	2022 $000	2021 $000
Inventory held to be consumed in the rendering of services	259	324
Total current inventories	259	324

No inventories are pledged as security for liabilities (2021: nil). There was no write-down of inventories (2021: nil).

6 OTHER CURRENT ASSETS

	2022 $000	2021 $000
Prepayments	82	87
Total other current assets	82	87

7 PROPERTY, PLANT & EQUIPMENT

	Buildings (fair value)	WIP assets	Leasehold improvements	Plant & equipment (cost)	Total
	$000	$000	$000	$000	$000
Gross carrying amount:					
Balance at 1 July 2020	214,841	1,207	217	13,429	229,694
Additions	116	1,676	13	187	1,993
Disposals	-	-	(6)	(2,913)	(2,919)
Transfer between asset class	2,000	(2,000)	-	-	-
Balance at 30 June 2021	216,958	883	224	10,703	228,768
Additions	697	232	7	692	1,628
Disposals	(35)	-	-	(79)	(115)
Transfer between asset class	1,042	(1,042)	-	-	-
Net revaluation	9,913	-	-	-	9,913
Balance at 30 June 2022	228,575	73	232	11,315	240,195
Accumulated depreciation and impairment:					
Balance at 1 July 2020	-	-	(78)	(9,613)	(9,691)
Disposals	2	-	2	2,786	2,788
Depreciation expense	(7,377)	-	(20)	(793)	(8,190)
Balance at 30 June 2021	(7,377)	-	(96)	(7,620)	(15,093)
Disposals	8	-	-	76	84
Depreciation expense	(7,445)	-	(21)	(648)	(8,113)
Reversed on revaluation	14,814	-	-	-	14,814
Balance at 30 June 2022	-	-	(117)	(8,192)	(8,308)
Net book value as at 30 June 2021	209,581	883	128	3,084	213,675
Net book value as at 30 June 2022	228,575	73	115	3,124	231,887

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

The $1 million transfer of assets from WIP to buildings relates to Stage 3 of the Arena Roof Strengthening project and Christchurch Town Hall Restoration Project. For 2021 the $2 million transfer of assets from WIP to buildings relates to the completion of the Arena Technology Solution and Diesel Line Replacement.

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

WIP assets are valued at historical cost and consist of costs associated with the Christchurch Arena roof strengthening for the 2022 year. WIP assets in 2021 consists of the Christchurch Arena roof strengthening and Christchurch Town Hall Restoration Project.

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

Valuation
An independent valuer, Bayleys Valuations Limited, performed the most recent valuation of the buildings for the Christchurch Town Hall and Christchurch Arena at 30 June 2022. The opinion of the valuer was arrived at by a registered valuer (FPINZ).

The total fair value of the buildings assessed by Bayleys at 30 June 2022 was $228.5 million using a depreciated cost approach. There have been no optimisation adjustments for the most recent valuations and the remaining useful life of assets is estimated after considering factors such as the condition of the asset, future maintenance and replacement plans and experience with similar buildings.

The estimated replacement cost increase since the previous 30 June 2020 valuation of 13% for the Christchurch Town Hall and 14% for the Christchurch Arena is based on information sourced from Statistics New Zealand's Producers Price Index and Labour Indices. In line with Venues Ōtautahi's accounting policy, the next valuation will be performed in line with Christchurch City Council's valuation as at 30 June 2025 unless the carrying value of Venues Ōtautahi's buildings is considered to differ materially from their fair value, in which case a revaluation will be undertaken at that time. Until the earlier of these revaluation events, the valuation undertaken in 2022 is considered to be fair and reasonable.

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

8 INTANGIBLE ASSETS

	2022 $000	2021 $000
Gross carrying amount:		
Opening balance	1,209	1,048
Additions	274	161
Closing gross carrying amount balance	1,483	1,209
Accumulated amortisation and impairment:		
Opening balance	(1,038)	(995)
Amortisation expense	(62)	(43)
Closing accumulated amortisation and impairment balance	(1,100)	(1,038)
Total intangible assets	383	171

9 TRADE AND OTHER PAYABLES

9a Current trade and other payables

	2022 $000	2021 $000
Exchange transactions		
Trade payables	1,043	1,097
Owing to related parties	298	524
Income in advance	926	1,072
Current trade and other payables from exchange transactions	2,267	2,693
Total current trade and other payables	2,267	2,693

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

9b Non-current trade and other payables

	2022 $000	2021 $000
Exchange transactions		
Income in advance	1,799	1,914
Non-current trade and other payables from exchange transactions	1,799	1,914
Total non-current trade and other payables	1,799	1,914

10 EMPLOYEE ENTITLEMENTS

	2022 $000	2021 $000
Employee Entitlements		
Accrued salaries and wages	101	133
Annual leave	359	348
Long service leave	16	18
Sick leave	30	30
Lieu time and other leave	46	31
Service allowance	1	1
Total employee entitlements	553	561

11 BORROWINGS

	2022 $000	2021 $000
Unsecured:		
Loan from related party - Council	15,885	15,885
Total non-current borrowings	15,885	15,885

The fair value of the non-current borrowing of the Company is $18,377,730 (2021: $19,301,512) based on cash flows discounted using the market borrowing rate of 4.49% (2021: 3.96%). Movements relate to interest charge and repayment of $1,154,492.

Interest is payable semi-annually on all borrowings. The interest rate is calculated using the Council's average borrowing cost plus margin. The average interest rate for the loan balance as at 30 June 2022 is 7.27% (2021: 7.27%).

12 CAPITAL AND OTHER EQUITY INSTRUMENTS

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

	2022 $000	2021 $000
Capital and other equity instruments		
Fully paid ordinary shares	155,136	155,136
Fully paid A redeemable preference shares	89,500	89,500
Balance at end of financial year	244,636	244,636
Fully paid ordinary shares		
Balance at beginning of financial year	155,136	145,136
Share issue	-	10,000
Balance at end of financial year	155,136	155,136

No additional shares were issued during the financial year ended 30 June 2022.

13 CAPITAL COMMITMENTS

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

- Plant and Equipment $210,427 (2021: nil)
- Buildings $192,297 (2021: nil)

14 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent Assets

There are no material contingent liabilities for the Company as at 30 June 2022 (2021: nil).

The 30 June 2021 accounts excluded a 2018 tax return deduction of approximately $11.51 million in relation to a land lease surrendered to Council during the 2018 financial year The deduction was not recognised in the calculation of the tax balances of the Company. If the tax impact of the intangible asset had been recognised there would have been an increase in the deferred tax asset and a decrease in tax expense of $3.22 million.

Inland Revenue have accepted that no adjustments are required regarding above and consequently as at 30 June 2022, the Company no longer carry's the tax provision liability and has recognized the full allocation of tax losses as a deferred tax asset.

15 EVENTS AFTER BALANCE DATE

There are no material events known to the Directors occurring after balance date that would have a significant impact on the financial statements for the year ended 30 June 2022.

16 NOTES TO THE CASH FLOW STATEMENT

	2022 $000	2021 $000
Cash and cash equivalents		
Cash on hand	7,275	5,214
Call and term deposits	-	2,000
Total cash and cash equivalents	7,275	7,214

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

Surplus / (deficit) for the period from operations	869	(6,207)
Non cash items		
Depreciation and amortisation of non-current assets	8,175	8,233
Movement in deferred tax	(1,641)	(2,204)
Revaluation of property, plant & equipment	-	-
Items classified as investing / financing activities		
Movement in capital creditors	168	9,910
Gain on disposal of property, plant & equipment	(14)	(40)
Loss on disposal of property, plant & equipment	31	133
Interest revenue received	(77)	(33)
Finance and interest costs paid	1,154	1,154
Pre-paid lease rental revenue	(134)	(268)
Council capital grant	(5,242)	-
Movement in working capital		
(Decrease) / increase in creditors	(922)	(9,115)
(Increase) / decrease in receivables	418	(647)
Increase / (decrease) in income tax	(1,031)	-
Decrease / (increase) in inventory	65	(97)
Net cash from operating activities	1,819	819

17 RELATED PARTY TRANSACTIONS

The Council is the ultimate controlling party of the Company.

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

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

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

Related Party Transactions required to be disclosed.

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

	2022 $000	2021 $000
Non-arms length revenue from related parties:		
Subvention payments received from Council group entities	1,500	-
Building lease rental top-up received from Council	154	154
Council operating grant	4,050	2,500
Council capital grant	5,242	-
Event contribution from ChristchurchNZ	-	25
Total receipts / receivables from related parties	10,946	2,679
Non-arms length costs incurred with related parties:		
Lease of Town Hall land from the Council	108	105
Management fee paid to Council	-	89
Total non-arms length costs incurred with related parties:	108	194
Year end balances (inclusive of GST)		
Accounts receivable from Council	-	70
Loan advances from Council	15,885	15,885

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

No provision has been required, nor any expense recognised, for impairment of receivables from related parties (2021: nil).

18 KEY MANAGEMENT REMUNERATION

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

	2022 $000	2021 $000
Directors		
Full -time equivalent members	4	4
Remuneration	106	88
Senior management team, including service contracts and consultants		
Full -time equivalent members	6	5
Remuneration - employment contracts	1,229	648
Remuneration - service contracts and consultants	-	293
Total full-time equivalent personnel	10	9
Total key management personnel renumeration	1,335	1,029

19 LEASES

19a Non-cancellable operating lease commitments

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

	2022 $000	2021 $000
No later than one year	395	379
Later than one year and not later than five years	922	1,015
Later than five years	3,522	3,576
Total non-cancellable operating lease commitments	4,839	4,970

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

19b Non-cancellable operating leases as lessor

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

	2022 $000	2021 $000
No later than one year	91	91
Later than one year and not later than five years	364	364
Later than five years	1,433	1,524
Total non-cancellable operating leases as lessor	1,888	1,979

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

20 FINANCIAL RISK MANAGMENT

Financial instrument risk

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

Credit risk management

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

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

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

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

Liquidity risk management

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

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

Interest rate sensitivity analysis

The Company is not sensitive to movements in interest rates in respect of its borrowing obligations as all the borrowings are fixed. The Company entered a portion of surplus cash into fixed term deposits. Accordingly, a 1% movement either way on cash and term deposit balances would have the effect of increasing / decreasing the Company's profit before tax by $104,658 or $75,354 after tax (2021: $101,647 before tax, $73,186k after tax).

Market risk management

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

Interest rates

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

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

Foreign exchange

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

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

Price risk

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

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

Credit quality of financial assets

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

	2022 $000	2021 $000
Counterparties with credit ratings		
Cash at bank and bank term deposits		
AA-	13,275	9,214
Total cash at bank and term deposits	13,275	9,214
Debtors and other receivables		
Related parties receivables (AA-)	13	70
Existing counterparty with no defaults in the past	694	633
Total debtors and other receivables	707	703

Classification of financial instruments

The Company has no financial assets or financial liabilities designated at fair value, fair value through other comprehensive revenue and expense or held to maturity in 2022 or 2021.

2022	Loans & receivables $000	Other amortised cost $000	Total carrying amount $000
Financial assets			
Cash and cash equivalents	7,275	-	7,275
Trade and other receivables	694	-	694
Other financial assets	6,000	-	6,000
Related party receivables	13	-	13
Total financial assets	13,982	-	13,982
Financial liabilities			
Trade and other payables	-	1,043	1,043
Other (related party)	-	298	298
Borrowings	-	15,885	15,885
Total financial liabilities	-	17,226	17,226

Classification of financial instruments (cont)

2021	Loans & receivables $000	Other amortised cost $000	Total carrying amount $000
Financial assets			
Cash and cash equivalents	7,214	-	7,214
Trade and other receivables	633	-	633
Other financial assets	2,000	-	2,000
Related party receivables	70	-	70
Total financial assets	9,917	-	9,917
Financial liabilities			
Trade and other payables	-	1,097	1,097
Other (related party)	-	524	524
Borrowings		15,885	15,885
Total financial liabilities	-	17,506	17,506

Contractual maturity analysis

As at 30 June 2022	Carrying amount $000	Contractual cashflows $000	Less than 1 year $000	1 - 2 years $000	3 - 5 years $000	More than 5 years $000
Financial assets						
Cash and cash equivalents	7,275	7,275	7,275	-	-	-
Trade receivables	694	694	694	-	-	-
Other financial assets	6,000	6,077	6,077	-	-	-
Other (related party receivables)	13	13	13	-	-	-
Total financial assets	13,982	14,059	14,059	-	-	-
Financial liabilities						
Trade and other payables	(1,043)	(1,043)	(1,043)	-	-	-
Borrowings	(15,885)	(23,622)	(1,154)	(1,854)	(4,011)	(16,602)
Other (related party)	(298)	(298)	(298)	-	-	-
Total financial liabilities	(17,226)	(24,963)	(2,495)	(1,854)	(4,011)	(16,602)

Other financial assets and cash and cash equivalents contractual cash flows include interest of $77,425 under the term deposits entered into (2021: $8,699).

Contractual maturity analysis (cont)

As at 30 June 2021	Carrying amount $000	Contractual cashflows $000	Less than 1 year $000	1 - 2 years $000	3 - 5 years $000	More than 5 years $000
Financial assets						
Cash and cash equivalents	7,214	7,217	7,217	-	-	-
Trade receivables	633	633	633	-	-	-
Other financial assets	2,000	2,006	2,006	-	-	-
Other (related party receivables)	70	70	70	-	-	-
Total financial assets	9,917	9,926	9,926	-	-	-
Financial liabilities						
Trade and other payables	(1,097)	(1,097)	(1,097)	-	-	-
Borrowings	(15,885)	(24,776)	(1,154)	(1,154)	(4,062)	(18,406)
Other (related party)	(524)	(524)	(524)	-	-	-
Total financial liabilities	(17,506)	(26,397)	(2,775)	(1,154)	(4,062)	(18,406)

21 CAPITAL MANAGEMENT

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

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

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

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

22 SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

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

The financial statements of the Company are for the year ended 30 June 2022. The financial statements were authorised for issue by the Board of Directors on 30 November 2022.

a. Basis of financial statement preparation

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

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

Statement of Compliance

The financial statements of the Company have been prepared in accordance with the requirements of the Local Government Act 2002: Part 6 Section 98 and Section 111, and Part 3 of Schedule 10, which includes the requirement to comply with Generally Accepted Accounting Practice in New Zealand ('NZ GAAP'). They comply with Public Benefit Entity Standards ('PBE Standards') as appropriate for Tier 1 public benefit entities.

Presentation and Functional currency

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

New Accounting standards and amendments adopted in the current year

PBE IPSAS 2 Cash Flow Statements
An amendment to PBE IPSAS 2 requires entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash items.

The amendment is effective for the year ending 30 June 2022 and has not resulted in material changes to the reporting requirements for Venues Ōtautahi.

PBE FRS 48 Service Performance Reporting
This standard establishes requirements for PBEs to select and present service performance information.

PBEs within the scope of this Standard will need to provide users with:

- Sufficient contextual information to understand why the entity exists, what it intends to achieve in broad terms over the medium to long term, and how it goes about this; and

- Information about what the entity has done during the reporting period in working towards its broader aims and objectives.

This Standard is effective for the 30 June 2023 financial statements, with early adoption permitted, and is not expected to have any material impact on the Company.

PBE IPSAS 41 Financial Instruments – Early adoption
The Company has early adopted all requirements of *PBE IPSAS 41 Financial Instruments* as of 1 July 2021. As the Company early adopted *PBE IFRS 9 Financial Instruments*. in 2019, transitioning from *PBE IFRS 9 to PBE IPSAS 41* does not have any material impact on the Company's requirements.

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

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

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

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

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

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

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

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

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

Grants Received

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

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

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

c. Personnel costs

Salaries and wages

Salaries and wages are recognised as an expense as employees provide services.

Superannuation schemes

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

d. Financing costs

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

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

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

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

e. Tax

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

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

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

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

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

Impairment of deferred tax

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

f. Trade and other receivables

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

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

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

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

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

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

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

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

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

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

h. Provisions
A provision is recognised in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of expenditures, the amount of which can be reliably estimated, will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

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

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

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

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

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

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

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

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

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

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

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

- Building shell fit-out: 3-100 years (1% to 30%)
- Leasehold Improvements 3-33 years (3% to 40%)
- Furniture, fittings, plant & equipment: 1-17 years (6% to 100%)
- Work in progress assets: Not depreciated.

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

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

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

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

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

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

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

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

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

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

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

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

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:
Computer software: 1-10 years (10%-100%)

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

l. Trade and other payables
Trade and other payables are measured at the amount payable.

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

All employee entitlements are classified as a current liability.

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

o. Share capital
Ordinary share capital
Ordinary shares are classified as equity.

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

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

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

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

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

q. Statement of Cash flows

The cash flow statement is prepared inclusive of GST.

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

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

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

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

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

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

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

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

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

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

t. Critical judgements, estimates and assumptions in applying the Company's accounting policies

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

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

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

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

WHERE ŌTAUTAHI COMES TOGETHER

DIRECTORY AND STATUTORY INFORMATION

Directors' interests during the year 30 June 2022

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

Timothy Scandrett	Director	TPS Consulting Ltd
	Director	VBL One Ltd
	Trustee	Christchurch Operatic Incorporated
	Councillor	Christchurch City Council
Bryan Pearson (resigned 31 August 2021)	Director	Anatomy Ltd
	Executive Director	Bryan Pearson 2020 Ltd [Business Advisory and Investment]
	Chair	Lane Neave Lawyers
	Chair	St Andrew's Presbyterian College Board Of Governors Incorporated (resigned 1 Jul 2021)
	Trustee	The Christchurch Cancer Foundation
	Trustee	Henshaw Development Trust
	Shareholder	Antipodean Consumer Holdings Ltd
Brent Ford	Director	Ford Virtual CFO and Advisory Services Ltd
	Trustee	Nova Trust (resigned 7 May 2022)
	Trustee	St Bedes (resigned 31 Jan 2021)
	Trustee	Development West Coast
	Director	Kilmarnock Enterprises Ltd
	CFO – Part Time	Wools of NZ Ltd
	Advisor	Tumblar Products Ltd
	Advisor	Peerage Products Ltd
	Advisor	Pak World Ltd
	Director	West Cost Development Holdings Ltd
	Director	West Coast Alliance Holdings Ltd
	Advisor	AMS Ltd
Wynton Gill Cox	Director	Motus Health Ltd
	Director	Barlow Brothers NZ Ltd
	Director	Te Kaha Project Delivery Ltd
	Director	Transwaste Canterbury Ltd Group
	Board Member	Anderson Lloyd
	Director	Elastomer Products Ltd
	Director	Independent Fisheries Ltd
	Trustee	Project Crimson Trust
	Trustee	Committee for Canterbury Trust
	Board Advisor	Connell Contractors Ltd
	Director	Confederation of Asian and Pacific Accountants Ltd
	Director	Foodco Pty Ltd Group
	Director	Waimakariri Irrigation Ltd Group
	Board Advisor	Ewing Construction Ltd
	Appointment Committee	Crusaders GP Ltd and CRFU

Directors' interests during the year 30 June 2022 (cont)

Susan Christina Goodfellow (appointed 3 January 2022)	Director	Irrigation New Zealand Ltd
	Director & Shareholder	Leftfield Innovation Ltd
	Director & Shareholder	Snack Garden Ltd
	Director & Shareholder	The Goodfellow Group Properties Ltd
	Director & Shareholder	The Goodfellow Group Consultancy Ltd
	Director & Shareholder	The Goodfellow Group Ltd
	Trustee	Mitcham Trust

DIRECTORS INSURANCE

The Company has directors' liability insurance for all Directors. Premiums to the value of $23,435 were paid in the 2022 year (2021: $21,800).

DIRECTOR REMUNERATION

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

	2022	2021
Bryan Pearson	10,000	60,000
Brent Ford	30,000	27,500
Wynton Gill Cox	50,000	-
Susan Christina Goodfellow	16,250	-
	106,250	87,500

DIRECTORS AT 30 JUNE AND MOVEMENT DURING THE YEAR

Directors at 30 June 2022 are:

Timothy Scandrett
Brent Ford
Gill Cox
Susan Goodfellow

Gill Cox was appointed as a director on 1 September 2021

Susan Goodfellow was appointed as a director on 1 January 2022.

Bryan Pearson resigned as a director on 31 August 2021

USE OF COMPANY INFORMATION

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

DONATIONS

There were no Donations made by the Company during the year (2021: nil).

EMPLOYEE REMUNERATION RANGES

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

Remuneration ranges	Number of current and former employees	
$000	**2022**	**2021**
$100 - $110	3	-
$110 - $120	-	1
$120 - $130	1	1
$130 - $140	-	-
$140 - $150	-	-
$150 - $160	-	1
$160 - $170	1	1
$170 - $180	1	1
$180 - $190	1	-
$190 - $200	1	-
$370 - $380	1	-
Total Employees	9	5

DIVIDENDS

There have been no dividends declared for the 2022 financial year (2021: nil).

AUDITORS

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

SHAREHOLDER

The Christchurch City Council is a 100% shareholder of the Company. The composition of the shareholding as at 30 June 2022 is:

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

REGISTERED OFFICE

81 Jack Hinton Drive

Christchurch

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of Venues Ōtautahi Limited's financial statements and performance information for the year ended 30 June 2022

The Auditor-General is the auditor of Venues Ōtautahi Limited (the company). The Auditor-General has appointed me, Chantelle Gernetzky, 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 12 to 15 and 23 to 44, that comprise the statement of financial position as at 30 June 2022, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the company on pages 16 to 22.

In our opinion:

- the financial statements of the company on pages 12 to 15 and 23 to 44:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2022; 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 Public Benefit Entity Reporting Standards; and
- the performance information of the company on pages 16 to 22 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 2022.

Our audit was completed on 30 November 2022. This is the date at which our opinion is expressed.

The basis for our opinion is explained below, and we draw your attention to the ongoing impact of Covid-19 on the company. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the performance information, we comment on other 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.

Emphasis of matter – Ongoing impact of Covid-19

Without modifying our opinion, we draw attention to the disclosure about the significant ongoing impact of Covid-19 on the company's operations and performance information as set out in the *Impact of Covid-19* note on page 21 of the performance information.

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

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

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

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

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

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

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

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

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the company's Statement of Intent.

We did not evaluate the security and controls over the electronic publication of the financial statements and the 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 5 to 11, 46 and 47, 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: *International Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

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

Chantelle Gernetzky
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand