VBASE LIMITED
STATEMENT OF INTENT

FOR THE YEAR ENDED 30 JUNE 2014

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1.0 INTRODUCTION

This Statement of Intent (SOI) is prepared in accordance with Section 64(1) of the Local Government Act 2002.

The SOI specifies for Vbase Ltd (Vbase), the objectives, the nature and scope of the activities to be undertaken, and the performance targets and other measures by which the performance of the company may be judged. It covers the three financial years ending 30 June 2014, 2015 and 2016.

The process of negotiation and determination of an acceptable SOI is a public and legally required expression of the accountability relationship between Vbase and its Shareholder, the Christchurch City Council (Council).

Vbase owns, manages and operates the group of venues that have been brought together under the Vbase Ltd management and governance structure.

On June 29 2012 Vbase Ltd sold its 100% holding in Jet Engine Facility Ltd to Annzes Engines Christchurch Limited and Pratt & Whitney Holdings SAS.

The SOI is reviewed annually with Council and covers a three year period. Vbase Ltd is a Council Controlled Trading Organisation (CCTO) for the purposes of the Local Government Act 2002.

Vbase Ltd is a fully owned subsidiary of Council. From 1 July 2011 Vbase entered into an agreement with the Council to have its business managed in-house by the Council.

The Council, as manager, is required to obtain Vbase's approval before taking any action or decision or making any proposal in respect of the matters set out in paragraph 4 of the section 11 headed "Acquisition/Divestment and other significant transaction policy".

2.0 EXECUTIVE SUMMARY

For the period of this SOI Vbase remains in a holding pattern, while it waits for the decisions around ownership and operation of the three non-operating facilities. The company is still paying $3.6 million a year to service the debt incurred to develop AMI Stadium; a cost which was previously met from the Stadium operating revenue.

For the next three years CBS Canterbury Arena is the only facility which operates under a normal commercial arrangement and on its own does not generate sufficient profit to cover the interest.

Revenue generated at the new AMI Stadium at Addington (AMI Stadium (Addington)) covers only the cost incurred, as agreed with the Trustees, while we are budgeting for a small surplus in the operation of the convention centre at the Air Force Museum (AFM) in Wigram. The advantage that this facility brings is that it provides a low cost venue to local sporting, charitable and cultural organisations, and it's availability frees up CBS to cater for larger events.

As indicated in the 2012/13 SOI the company's costs have been further reduced, and in the opinion of management are now less than what Vbase would have had for a similar sized operation. Those staff who were involved in the future development of the company are no longer employed.

Other than providing $0.745 million for the final instalment of the replacement AMI turf there is no provision for capital development. This commitment was made by the previous board soon after the February event when it was thought that the stadium could still be used for the Rugby World Cup.

Funding for the operating deficit is being met from the $4.4 million dividend and $9.9 million capital revenues received from the sale of JEFL together with current cash reserves. $2.5 million will be required for the balance of the year to June 2013, and $11.4 million ($9.9 million net interest expense and $.894 million of operating cash deficits excl interest) for the three years of this SOI.

Using the proceeds of the JEFL sale to fund day to day operations is not ideal but the Board have resolved to do so until the decisions around the Convention Centre and Rugby Stadium have been received.

If there are major changes to the assumptions contained within this SOI around the rebuild, ownership, funding and operating structures for the venues, Vbase will amend and reissue its SOI.

3.0 DIRECTORY

Address:	Vbase Limited PO Box 73015 Christchurch
Registered Office:	53 Hereford Street Christchurch 8011
Chairperson:	Robert Parker Christchurch City Council PO Box 76016 Christchurch
Board:	Robert Parker Ngarie Button James Gough Anthony Marryatt
Company Secretary:	Diane Brandish Christchurch City Council PO Box 73015 Christchurch Telephone + 64 3 941 8454

4.0 NATURE AND SCOPE OF ACTIVITIES

The Council has entrusted Vbase with ownership and management of the four premier entertainment and event venues – AMI Stadium (Lancaster Park), Christchurch Town Hall for Performing Arts, Christchurch Convention Centre and CBS Canterbury Arena.

The February 2011 earthquake caused significant damage to three of the four venues Vbase owns. AMI Stadium (Lancaster Park), Christchurch Town Hall for Performing Arts and the Christchurch Convention Centre all sustained major structural damage. These three venues have been closed since 22 February 2011.

The Christchurch Convention Centre has been demolished and the new convention centre is not expected to be completed until at least 2016/17. Negotiations are still at an early stage and no decisions have been made regarding the ownership, operation and funding structures. No assumptions can currently be made regarding Vbase's ongoing involvement with the Convention Centre beyond the investment of the recoveries from insurance and the sale of the former convention centre land.

Vbase will provide conference services from the AFM in Wigram during the construction phase of the new Convention Centre.

The future of AMI Stadium (Lancaster Park) remains uncertain. Vbase now manages AMI Stadium (Addington) as part of its and the Council's commitment to the community to provide a rugby stadium after the 2010/2011 earthquakes.

The Council has agreed to repair the Town Hall and it is expected to return to full operations in mid 2016.

5.0 GOVERNANCE

Subject always to the provisions in relation to acquisitions and disposals and other significant transactions set out in section 10.0 below, the Board is responsible for the strategic direction and control of Vbase's activities. The Board guides and monitors the business and affairs of Vbase on behalf of the Shareholder, to whom it is accountable.

The primary function of the Board is to ensure that Vbase meets its objectives and requirements as listed in the SOI. Additionally, the Board has obligations under the Local Government Act 2002 to deliver an annual Statement of Intent and relevant half-yearly and annual reports to the Shareholder.

Appointments to the Board are confirmed by Council resolution.

6.0 CONTRIBUTION TO REBUILD

Operations

Vbase has a reputation for understanding clients and guest's needs, and delivering quality outcomes for them. Vbase understands that all events undertaken at Vbase "managed venues" must maintain a high level of quality outcomes. This will help to maintain Christchurch as a quality destination and emphasise our commitment to clients during the rebuild period.

Design

The Vbase team has significant intellectual property regarding the Convention Centre, Town Hall and AMI Stadium (Lancaster Park). Vbase is providing public sector input into the new Convention Centre Precinct and will continue to work with the CCDU and the Council on the Convention Centre Precinct.

Business development

The Vbase business development team has maintained all client and business contacts and are focused on maximising the events held in all of the venues that they manage.

7.0 PERFORMANCE TARGETS

Financial Performance Targets – Vbase earns revenue from venue rental, food and beverage, naming rights, sponsorship, equipment hire, ticketing and other categories. Major expense items are food and beverage materials, service and management fees, business development, facilities costs, interest, insurance and depreciation.

The financial performance targets for Vbase are as follows:

	2013/14 $000	2014/15 $000	2015/16 $000
Income	12,369	12,864	13,321
Less: operating expenses	14,796	15,240	15,388
EBITDA	(2,427)	(2,376)	(2,067)
Add:			
Interest received	547	38	38
Net insurance recoveries*	19,088	-	-
Profit on Sale on Convention Centre Land	3,154	3,481	-
Less:			
Interest expense	3,584	3,584	3,384
Depreciation	3,858	3,308	3,494
Net profit / (deficit)	12,920	(5,749)	(8,907)
Taxation including subvention receipts	(1,301)	(1,736)	(2,316)
Net profit / (deficit) after tax	14,221	(4,013)	(6,591)
Depreciation	3,858	3,308	3,494
Cash gain / (loss)	18,079	(705)	(3,097)
Non-operating cash revenue	22,242	3,481	-
Operating cash loss	(4,163)	(4,186)	(3,097)

* Net insurance recoveries of $19 million in the 2013/14 year are an accrual of an additional 10% of the total sum insured for the Christchurch Town Hall and AMI stadium (Lancaster Park) which is considered to be available under the insurance policy.

Non-operating cash revenue represents the cash revenues which will be applied to rebuild activities rather than supporting the operations of Vbase.

Vbase had business interruption (BI) insurance and increased cost of workings insurance to cover any lost revenues and increased costs respectively, arising from the aftermath of the earthquakes. Claims submitted to date under these policies are still being considered by the insurers. Vbase was able to claim for lost revenues under the BI insurance policy for a 2 year period ending 22 February 2013 while it can claim for increased costs under the increased cost of workings policy for the 3 years ending on 22 February 2014.

For accounting purposes Vbase values its land and buildings at market value and depreciates all buildings, plant and equipment. The values attached to land and buildings are reviewed annually for the preparation of the financial statements and have been incorporated into the Vbase budget.

Ratio of shareholder funds to total assets

The forecast ratio of Shareholder funds to total assets for the next three years is:

2013/14	2014/15	2015/16
82%	82%	84%

Forecast capital structure

The forecast capital structure for the next three years is:

	2013/14 $000	2014/15 $000	2015/16 $000
Issued shares and other equity instruments	192,819	203,840	257,201
Debt	47,519	48,669	48,669
Total Assets	329,401	338,659	385,188
Total Equity	270,164	278,894	322,161

Facilities rebuild

The forecast capital spend and funding of the repair and rebuild of the Vbase's owned venues is detailed below.

	2013/14 $000	2014/15 $000	2015/16 $000
Facilities Rebuild (Inflation Adjusted)			
Convention Centre replacement	10,750	15,198	7,610
Former AMI Stadium replacement	25,300	43,066	55,986
Town Hall repairs	22,660	52,265	53,361
	58,710	110,529	116,957
Funding the rebuild:			
Vbase insurance recoveries and land sales	(58,710)	(99,508)	(63,596)
Vbase equity injection	-	(11,021)	(53,361)

Note that the rebuild cost and funding sources align with the Council's Draft Three Year Plan with exception of the Convention Centre. The rebuild cost shown differs as it is limited to the insurance recovery available for the Convention Centre and the proceeds from the sale of the land where the former convention centre stood. This has also reduced the potential equity investment that Vbase would require from the Council in 2014/15 and 2015/16 from that outlined in the Council's Draft Three Year Plan.

If there are major developments in relation to the rebuild, ownership, funding and operating structures agreed for the venues, Vbase will amend and reissue its SOI.

Operational Performance Targets

In addition to the above financial performance measures, Vbase will use the following measures to assess its operational performance:

Objective and Strategy	**Performance Measure 2013/14**
1 - Great Stages – Vbase will tailor a great stage for any event • Maximise the number of events at CBS Canterbury Arena • Maximise the number of event days at CBS Canterbury Arena	 At least 90 events are delivered at CBS Canterbury Arena At least 54% of available event days utilised at CBS Canterbury Arena
2 - Great Hosting – deliver an outstanding client and service experience • Guest satisfaction with events delivered at Vbase venues (client satisfaction survey)	 Achieve greater than 80% satisfaction during year
3 - Growth – utilise assets and capabilities for growth • Support the Council in endeavours to increase the available conference venues	 Vbase will work with Council and other interested stakeholders assessing new conference venue development initiatives
4 - Valuable Partnerships – great to do business with and a great place to work • Secure National events at the AFM. • Secure local events at the AFM. • Secure events that will encourage high usage of the venues • Facilitate access to the venues for local sporting, charitable and cultural organisations	 Greater than 10 events. Greater than 190 events. Visitors to venues exceeds 250,000 Total venue discounts exceed $300,000

8.0 ACCOUNTING POLICIES

Vbase Ltd has adopted accounting policies that are consistent with New Zealand International Financial Reporting Standards, generally accepted accounting practice and the policies adopted by the Christchurch City Council Group. Current accounting policies are attached to this SOI.

9.0 DISTRIBUTIONS

During the year to 30 June 2014 Vbase will make no distribution to the Shareholder.

10.0 INFORMATION TO BE REPORTED TO THE SHAREHOLDER

An annual report will be submitted to the Shareholders. The annual report will include audited financial statements and such other details as are necessary to permit an informed assessment of the company's performance and financial position during the reporting period provided to the Shareholders.

Half yearly reports will also be provided to the Shareholders. These reports will contain unaudited information and comply with NZ IAS 34.

The Statement of Intent will be submitted to the Shareholders for consultation annually, as required by the Local Government Act 2002. The Directors will include any other information they consider appropriate. Where it is necessary due to significant changes revised forecasts will be submitted to the Shareholder.

Vbase will operate on a 'no surprises' basis in respect of significant Shareholder related matters, to the extent possible in the context of commercial sensitivity and confidentiality obligations.

Vbase will provide information requested by the Shareholders in accordance with the requirements of the Local Government Act 2002.

11.0 ACQUISITION/DIVESTMENT AND OTHER SIGNIFICANT TRANSACTION POLICY

The subscription or acquisition of securities in any company or organisation, or a divestment of part of the existing business, will only be considered where it is consistent with the long term strategic and commercial objectives of Vbase.

When the subscription, acquisition or divestment is considered by Directors to be significant to Vbase's business operations, it will be subject to consultation with the Shareholder.

Major transactions as defined in the Companies Act 1993, s129(2), will be subject to Shareholder approval by special resolution.

The Board shall obtain the Shareholder's prior written approval before taking any action or decision or making any proposal in relation to any of the following matters:

- Application of insurance proceeds in the rebuild or repair of the venues.
- Entry into any arrangement, contract or transaction outside the ordinary course of Vbase's business or otherwise than on arm's length terms.
- Entry into any arrangement, contract or transaction for the purchase of materials, works and/or services for an amount exceeding $500,000 where such materials, works and/or services are not budgeted for in Vbase's annual budget and plan.

- The giving of notice of termination of any arrangements, contracts or transactions which are material to Vbase's business, or materially varying any such arrangements, contracts or transactions.

Where Vbase decides to incorporate or subscribe for shares in subsidiaries to undertake its commercial activities, the company will ensure effective management of that subsidiary. Control of any subsidiary is exercised by Vbase Directors and management.

12.0 COMPENSATION SOUGHT FROM LOCAL AUTHORITY

At the request of the Shareholder, Vbase may undertake activities that are not consistent with normal commercial objectives. Specific financial arrangements will be entered into to meet the full commercial cost of providing such activities. Currently, no such activities are undertaken.

13.0 ESTIMATE OF COMMERCIAL VALUE

The Shareholder has recorded the value of its investment in Vbase Ltd in its accounts as $247 million and this is considered an appropriate estimation of the commercial value of the Company.

APPENDIX 1.0
STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting Entity

These are the significant accounting policies of Vbase Limited (Vbase).

Vbase is registered under the Companies Act 1993 and is domiciled in New Zealand. Vbase is a Council Controlled Trading Organisation as defined by Section 6 of the Local Government Act 2002.

Vbase has been designated a public benefit entity for the purposes of New Zealand equivalents to International Financial Reporting Standards.

2. Basis of Financial Statement Preparation

The financial statements are prepared in accordance with NZ GAAP, complying with NZ IFRS and other applicable Financial Reporting Standards.

The financial statements will be prepared on an historical cost basis except for the revaluation of land and buildings.

The functional and presentation currency is New Zealand dollars, and all values are rounded to the nearest thousand dollars ($000).

In preparing the financial statements management will be required to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances. These estimates and assumptions form 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.

The Board considers that there continues to be major uncertainty around the insurance claim process both in relation to amount and timing. The amount uncertainly is more specifically related to the Business Interruption (BI) insurance claim and the timing is still in doubt for the receipts for both BI and material damage receipts.

Vbase will adopt the following revisions to accounting standards for the 2014 financial year:

NZ IFRS 9 Financial Instruments – replacing NZ IAS 39 Financial Instruments: Recognition and Measurement – effective for accounting periods beginning on or after 1 January 2013. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value. Entities are required to classify financial assets based on the objectives of the entity's business model for managing the financial assets. Where the financial assets are eligible to be measured at amortised cost due to the business model, the entity shall use the characteristics of the contractual cash flows to measure cost.

NZ IFRS 13 Fair Value Measurement effective for accounting periods beginning on or after 1 January 2013 – NZ IFRS 13 replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. It explains how to measure fair value when it is required or permitted by other IFRSs. It does not introduce new requirements to measure assets or liabilities at fair value, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards.

The impact of these revisions is expected to be minimal based on the Company's current mix of financial instruments.

Standards, amendments and interpretations issued but not yet effective that have not yet been early adopted, and which are relevant to Vbase Ltd include:

NZ IFRS 9 Financial Instruments – replacing NZ IAS 39 Financial Instruments: Classification & Measurement – effective for periods beginning on or after 1 January 2015. This new standard details changes in hedge accounting.

The External Reporting Board in April 2012 issued a new external reporting framework for public benefit entities (PBE) and in June and September 2012 exposed International Public Sector Accounting Standards and PBE IFRS standards for application from 1 July 2014. While the final format of the new standards has not been determined the impact of the adoption of PBE reporting framework is not expected to have any significant changes to the Company's accounting policies.

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

3. Principles of Consolidation

Subsidiaries

Subsidiaries are those entities over which Vbase has the power to govern financial and operating policies, generally accompanying a shareholding of at least half of the voting rights. Potential exercisable or convertible voting rights are considered when assessing whether the Company controls another entity.

The purchase method is used to prepare the consolidated financial statements.

Intercompany transactions, balances and unrealised gains on transactions are eliminated. Unrealised losses are also eliminated, unless the transaction provides evidence of the impairment of the asset transferred.

4. Foreign Currency Transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling on the day of the transaction.

Foreign currency monetary assets and liabilities at the balance date are translated to NZ dollars at the rate ruling at that date.

5. Financial Assets

Term deposits with maturities greater than three months are measured at cost and have been designated as loans and receivables.

6. Trade and Other Receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment (see impairment policy 11).

7. 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.

8. Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits, and other short-term highly liquid investments with maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of Vbase'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.

9. Property, Plant and Equipment

The following assets are shown at fair value, based on periodic valuations by external independent valuers, less subsequent accumulated depreciation:

Land
Buildings

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.

Vbase accounts for revaluations of property, plant and equipment on a class of asset basis, increases in the carrying amounts arising on revaluation of the class of assets are credited directly to equity under the heading revaluation reserve. However, the net revaluation increase shall be recognised in income statement to the extent it reverses a net revaluation decrease of the same asset class previously recognised in the statement of profit and loss and other comprehensive income.

All other property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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 Vbase and the cost of the item can be measured reliably.

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 Vbase and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit and loss and other comprehensive income during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives.

Assets to be depreciated include:

Operational Assets:
Land not depreciated

Site works	18-33 yrs
Building shell fit-out	3-53 yrs
Furniture, fittings, plant and equipment	2-15 yrs

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

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.

Gains and losses on disposals are determined by comparing proceeds with carrying amount of the asset and are included in the statement of profit and loss and other comprehensive income. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

10. Intangible Assets

(i) Computer Software
Acquired computer software licenses are capitalised on the basis of costs incurred to acquire and bring to use the specific software.

(ii) Amortisation
Acquired computer software is amortised on a straight line basis over the period of that life.

Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge is recognised in the statement of profit and loss and other comprehensive income.

The useful lives and associated amortisation rates have been estimated as follows:

Computer software 24-36 months

The asset is reviewed annually for indicators of impairment, and tested for impairment if these indicators exist. The asset is carried at cost less accumulated amortisation and accumulated impairment losses.

11. Impairment

The carrying amounts of Vbase's assets, other than inventories (see Inventories policy 7) and deferred tax assets (see Income Tax policy 19), are reviewed at each balance sheet 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 amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the statement of profit and loss and other comprehensive income.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

12. Share Capital

(i) 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.

(ii) 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 Vbase'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 requires 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 thereon are recognised in the income statement as interest expense.

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

13. 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 using the effective interest method.

14. Provisions

A provision is recognised in the statement of financial position when Vbase 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.

15. Leases

(i) Finance Leases
Leases in which substantially all of the risks and rewards of ownership of an asset transfer to the lessee are classified as finance leases whether or not title is eventually transferred. At inception, finance leases are recognised as assets and liabilities on the statement of financial position at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Amounts due from lessees under finance leases are recorded as receivables. Finance lease receivables are initially recognised at amounts equal to the present value of minimum lease payments recoverable plus the present value of any guaranteed residual value expected to accrue at the end of the lease term. Finance lease payments are allocated between interest revenue and reduction of the lease receivable over the term of the lease in order to reflect a constant rate of return on the net investment outstanding in respect of the lease.

(ii) 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 statement of profit and loss and other comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of profit and loss and other comprehensive income as an integral part of the total lease expense.

16. Revenue

Revenue is measured at the fair value of consideration received.

(i) Services Rendered
Revenue from services rendered is recognised in the statement of profit and loss and other comprehensive income in proportion to the stage of completion of the transaction at the balance sheet date.

(ii) Interest Income
Interest income is recognised in the statement of profit and loss and other comprehensive income as it accrues, using the effective interest method.

(iii) Finance Lease Income
Finance lease income is allocated over the lease term on a systematic and rational basis. This income allocation is based on a pattern reflecting a constant periodic return on Vbase's net investment in the finance lease.

17. Financing Costs

Financing costs comprise interest payable on borrowings calculated using the effective interest rate method. All interest payable on borrowings is recognised as an expense in the statement of profit and loss and other comprehensive income as it occurs.

The interest expense component of finance lease payments is recognised in the statement of profit and loss and other comprehensive income using the effective interest rate method.

18. Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of profit and loss and other comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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

Deferred tax is provided using the balance sheet 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 arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit are not provided for.

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 balance sheet 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.

19. 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, payable to, the Inland Revenue Department is included as part of receivables or payable in the statement of financial position.