VENUES
ŌTAUTAHI

VENUES ŌTAUTAHI LIMITED ANNUAL REPORT 30 JUNE 2023

WHERE WE SUPPORT LOCAL

WHERE WE SUPPORT LOCAL

Over 70%

of suppliers from the Canterbury region

Over $2m

direct contribution to local food and beverage suppliers

Over $10m

direct contribution to local contractors and services suppliers

$188k

value of community venue discounts

$34.2m

of estimated positive economic benefit to the Canterbury region

689,707

Guests Welcomed

435

Events Delivered

Over 700

Local Staff

194,047

Local Beers

53,678

Bottles of Local Wine

1,753 Sides

of Akaroa Salmon

21 Tonnes

of Local Beef, Pork, Chicken

39 Tonnes

of Local Vegetables

79%

of all food procured from the Canterbury region

120,825 Portions

of Local Hot Chips

VENUES
ŌTAUTAHI

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CHAIR & CHIEF EXECUTIVE REPORT

Our Year in Review

Venues Ōtautahi delivered a strong performance in FY22/23 with the company far exceeding initial expectations across the board.

With the prior two financial years severely impacted by Covid-19 and the business unable to trade for 70% of the time, the 2022-23 financial year was the first full financial year of trading since 2018-19, when the Christchurch Town Hall reopened.

There were 435 events held across the venue portfolio, 43% more than the 305 budgeted and over 689,707 guests welcomed to the venues, over 72% more than the 400,000 forecast.

The strength of these results demonstrates the continued demand for event and venue experiences, a demand not expected to return with such vengeance when targets were initially in established in early-2022, as Covid-19 restrictions on mass gatherings started to ease.

The business ended the year with over $20m of operating revenue, a $6m positive variance against budget. This is an outstanding result and continues to highlight the positive impact of changes made to the business's operating model since transitioning back to being independently governed and managed in 2020.

Economic and Commercial

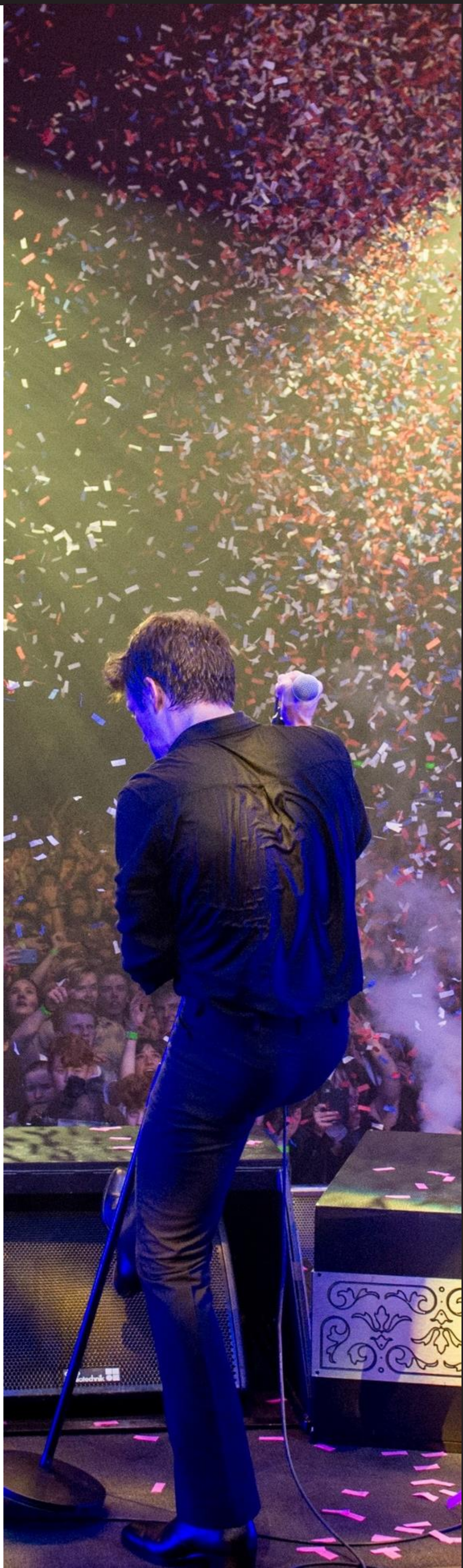
The estimated regional economic impact of events held across the portfolio of Venues Ōtautahi venues at the conclusion of the FY22/23 financial year was $34.2m, well in excess of the estimated $30m contribution initially forecast.

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

Of the 435 events delivered across the portfolio, Venues Ōtautahi attracted, planned, and delivered 28 major events* in FY22/23 financial year, 14 more than target and delivering a large portion of the estimated economic impact to the region.

Wolfbrook (formerly Christchurch) Arena hosted 9 major events, 32% of the total, including The Killers, Jimmy Carr, Michael McIntyre, Dave Chappelle, Sting, Wilkinson, the Wiggles, Fast5 Netball Series, and Cirque du Soleil CRYSTAL, showcasing the diversity and competitiveness of this venue and the value it adds to the suite of Venues Ōtautahi venues and to the city event attraction proposition.

Apollo Projects (formerly) Orangetheory Stadium hosted 8 major events, 29% of the total, including the All Blacks versus Argentina, Black Ferns v Australia, Football Ferns vs Korea Republic (2 games), Six60, Elton John, Snoop Dogg and One NZ Warriors.



Elton John, in his final Farewell Yellow Brick Road tour, was a highlight for the city with over 27,000 guests in attendance, 83% of being from the Canterbury region.

Wonderful to see major international artists in Ōtautahi, Christchurch and at a venue that despite its constraints has delivered so much since the devastating Earthquakes of 2010 and 2011 resulted in the decommissioning of Lancaster Park.

Apollo Projects Stadium was also host to the Crusaders quarter and semi-final wins over the Fiji Drua and the Auckland Blues to then go on to bring the 2023 Super Rugby Pacific Trophy home following a sensational win over the Waikato Chiefs in Hamilton.

Hagley Oval hosted the remainder of major events, with 11 International Cricket matches, including the first ever T20 tri-series in October 2022, and the much-loved Black Clash event. Hagley Oval, a world-class cricket venue, the city should be so proud.

It was also fantastic to see the demand for business events after the disruption of the Covid-19 era, with over 237 corporate events delivered across the venue portfolio.

In FY22/23 Venues Ōtautahi continued to focus on building a resilient business underpinned by focus on growth and diversification to not only grow commercial returns but to de-risk the business in times of adversity.

Establishing the VŌ Events proposition, the arm of the business created to deliver event and culinary management services outside of the Venues Ōtautahi suite of venues on this basis was a focus. VŌ Events delivered for example retail food and beverage services at Rock the Park, a Christchurch City Council event held in Hagley Park as well as all event management and food and beverage services for SailGP, a real highlight for FY22/23.

Maintaining the value of the assets on the balance sheet and assuring all venues are safe, operationally functional, compliant and deliver a wonderful guest experience are the underpinning factors to the delivery of the strategic asset management plan for Venues Ōtautahi. In FY 22/23, Venues Ōtautahi continued to prioritise the delivery of the asset management and preventative maintenance plans for all venues with a particular focus on Wolfbrook Arena. The Arena is 22 years old, and, in a period requiring significant asset renewal and improvement to maintain the quality, safety and functionality of the asset.

Community

Venues Ōtautahi's way of doing business is to be bold, agile, kind, and 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. Venues Ōtautahi are proud to manage them, and the community is proud to own them.

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

Over the year there were 65 events held at the venues, 25 more than target, attracting a community discount equating to a value of over $181,000.

Celebrate and Source Local

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

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

In FY22/23, VŌ sourced 79% of all food delivered across the venue portfolio from Canterbury, 5% from the rest of the South Island, 14% from the North Island and only 2% 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 positive economic benefit to the region with over $2m of direct economic contribution to local producers and suppliers over the year but also means clients and guests enjoy the best culinary experience the region has to offer.

With $10m spent with local suppliers outside of food and beverage in FY22/23, this is an over $12m direct contribution to local service providers and suppliers across this 12 month period.

Procuring locally remains a focus and priority as we embark on FY23/24 with $2m, $2.2m and $2.5m of direct economic contribution to Canterbury food and beverage suppliers forecast across the next 3 financial years.

Environmental Sustainability

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

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

Venues Ōtautahi commits to building a culture whereby responsibility for positive sustainability outcomes is embraced by every member of our team, whatever their role or position.

Venues Ōtautahi has a target of carbon neutrality by 2030. In FY22/23 the environmental strategy and roadmap to achieve this target was established. Implementation starts in earnest in FY23/24 with material outcomes expected in year one.

The carbon reduction emission programme focuses on the following four carbon emission categories.

- Category 1 (diesel, LPG, natural gas, petrol, refrigerants)
- Category 2 (electricity)
- Category 3 (air travel, road travel, freight, domestic air, freight, domestic road, freight, international shipping, accommodation)
- Category 4 (electricity transmission and distribution losses, water supply, waste to landfill, working from home, fossil fuels)

A highlight of the FY22/23 year were recent waste diversion from landfill results. A newly established partnership between Venues

Ōtautahi waste management supplier and the Crusaders achieved an average of 81% diversion from landfill at the last 5 home matches at Apollo Projects Stadium. y

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

Social Sustainability

Venues Ōtautahi also strives for social sustainability through contributing positively to the health and sustainability of the social fabric of the region with this a strong focus of the FY22/23 year.

Ethical and local sourcing of products and services continue to underpin the Venues Ōtautahi culinary services philosophy with 79% of food procured locally, a commitment to employing local with a team of 750 casual and permanent Venues Ōtautahi , and contribution to a strong regional economy with over $34m of estimated economic benefit to the Canterbury region per annum through events hosted in the Venues Ōtautahi suite of venues and over $2m of direct contribution to local Canterbury suppliers through local sourcing.

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

In FY22/23 entered a partnership with Hapai Access Card. The purpose of Hapai Access Card is to reduce the impact of barriers and expand more accessible services in the community for disabled people and is aimed at being a bridge between the business and the disabled community. Hapai Access Card completed accessibility assessments across all venues and the Hapai Access Card formally established in FY22/23.

Social responsibility and supporting those members of our community who need it the most is also core to the philosophies by which Venues Ōtautahi live by. In FY22/23, as in years prior, any food able to be repurposed at the end of events is taken to the local city mission or women's and men's shelters.

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

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

Health, Safety and Wellbeing

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

Venues Ōtautahi pursue collective and continuous improvement, genuine engagement across the business, have a focus on critical risk and a system underpinned by quality systems and processes to

deliver outcomes focused on improving the health and wellbeing of all involved in or with the Venues Ōtautahi business.

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

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

Te Kaha

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

In FY22/23 Venues Ōtautahi continued to be intensively engaged in the developed and detailed design phases of the project.

Venues Ōtautahi will continue this engagement through the remaining design, construction, and commissioning phases of the new venue prior to its opening in April 2026 with both this early engagement as well as leadership from a stakeholder engagement perspective invaluable in the long-term success of the venue.

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

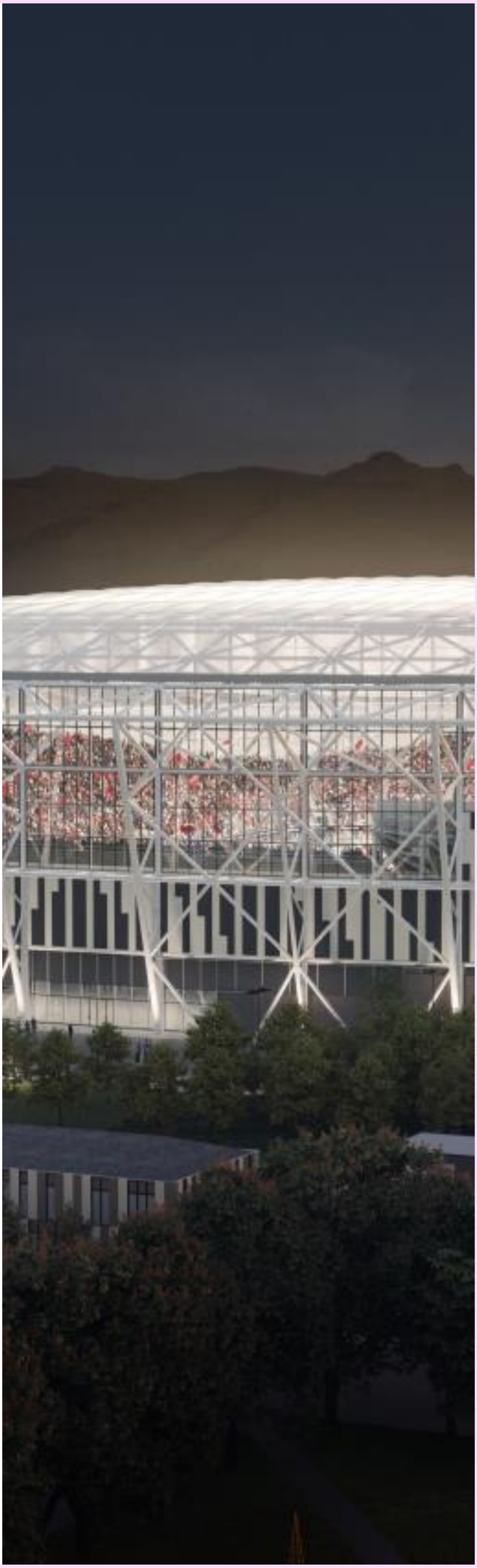
In FY22/23, Venues Ōtautahi also commenced the two phased process to develop and execute the commercial strategy for the new venue. Phase one which concluded in early 2023 identified and valued all commercial assets including naming rights, corporate hospitality, sponsorship, and membership at Te Kaha.

The development and execution of the sales strategy for all commercial assets commenced in June 2022 and will continue in earnest, from this point on.

In FY2/23 Venues Ōtautahi also developed the Te Kaha brand and narrative and commenced the execution of the marketing, communications, and engagement strategy to not only build community connection and pride in what will be a stunning venue for the region but also to activate and underpin the commercial strategy for the venue.

The attraction of events to Te Kaha underpins the long-term commercial strategy for the venue with major and business events delivering the most significant economic benefit to the region. Venues Ōtautahi commenced the development of an integrated and long-term strategy for attracting major and business events to Te Kaha in FY22/23 with the execution of the strategy commencing in FY23/24.

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



Reflection and Looking Forward

As we reflect on an incredible year, we would like to acknowledge the Venues Ōtautahi team for your agility, humility and kindness, your willingness to be bold, your continued support of one another, your focus on looking after and giving confidence to our valuable clients and guests and for your utmost grace underpinned by ultimate resilience as we returned to strong levels of business after the difficulties of the past few years.

We would also like to acknowledge our key partners. This industry has bounced back but the volatility of the post Covid-19 and economic environment continue to challenge us all. We remain bonded by the experiences of the last few years and have seen the real value in collaboration and connection. Thank you for your continued loyalty and support.

We would also like to thank our Board of Directors, Brent Ford, Susan Goodfellow, Councillor Tim Scandrett, Councillor Kelly Barber, Board Advisor, Barry Bragg and Associate Director, Dave Mills for their continued commitment and contribution in governing Venues Ōtautahi and supporting the Executive Leadership Team in executing the strategy for the business.

Further afield, the business, albeit challenged by the volatile economic environment, with significant increases in costs and increasing pressure on the discretionary dollar, remains positive about the future with a strong event forecast and a business transformed to be resilient and responsive in times of adversity.

Venues Ōtautahi will continue to focus on cost constraint, high yield event creation and attraction, sourcing local and de-risking through diversity and growth.

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

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

Chief Executive
Caroline Harvie-Teare

28 September 2023
Date

Chair
Gill Cox

28 September 2023
Date

***Major events defined as follows:**

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

BUSINESS AND FINANCIALOVERVIEW

The Company owns, manages, and operates the Christchurch Town Hall and Wolfbrook Arena and manages the Airforce Museum of New Zealand, Apollo Projects Stadium and Hagley Oval (Hadlee Pavilion). Venues Ōtautahi is also responsible for the operation and management of Te Kaha, Canterbury's new multi-use arena, due for completion in April 2026.

Venues Otautahi delivered a strong performance over the last 12 months with 2023 being the first full financial year of trading since 2019, due to the previous financial years challenges of Covid-19 on the events and venue industry, Venues Ōtautahi's held 435 events across the venue portfolio with over 689,000 guests welcomed across the venues.

For the year ended 30 June 2023, the Company had a net deficit after tax of $3 million (2022: surplus $0.9 million).

Financial results summary as follows:

Revenue from exchange transactions were $23.1 million compared to $10.3 million last year. Operating and personnel expenses were $25.6 million compared to $15.7 million last year with an increase in costs associated with a return to normal activity following the removal of Covid-19 restrictions from April 2022.

The company returned to an operating surplus of $1.8 million in the 2023 financial (2022: deficit $1.1 million) with the prior year reflecting the challenging environment faced by VŌ due to the Covid-19.

Included in other revenue from non-exchange transactions is the capital grant funding with the prior year also including Covid-19 subsidy and resurgence support payments of $1.9 million.

	2023 $000	2022 $000
Revenue from exchange transactions	23,055	10,313
Revenue from non-exchange transactions	4,275	4,275
Operating expenses	25,573	15,680
Net operating surplus/(deficit)	1,758	(1,092)
Other revenue from non-exchange transactions	3,752	7,148
Other expenses	(9,674)	(9,361)
Surplus/(deficit) before tax	(4,165)	(3,305)
Income tax income from operations	1,160	4,172
Net surplus/(deficit)	(3,005)	868

The company received Council operational grants of $4 million during the 2023 financial year (2022: $4 million).

Operating cashflows were positive at $13.6 million for the year compared to $1.8 million in the previous year. A subvention receipt of $12 million was received in March 2023. This was used to repay the Council advance by $12 million in April 2023.

For and on behalf of the Board.

DIRECTOR: Gill Cox	28 September 2023 **DATE**
DIRECTOR: Brent Ford	28 September 2023 **DATE**

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 $000	2022 $000
Revenue from exchange transactions	1a	23,055	10,313
Revenue from non-exchange transactions	1a	4,275	4,275
Expenses	1b	15,806	9,255
Personnel costs	1c	9,767	6,425
Surplus/(deficit) before other non-exchange revenue, other expenses and income tax expense		1,758	(1,092)
Other non-exchange revenue			
Government Covid-19 subsidies and resurgence support payment		21	1,906
Council capital grant	17	3,731	5,242
Total other non-exchange revenue		3,752	7,148
Other expenses			
Depreciation and amortisation	7 & 8	8,740	8,175
Finance costs		934	1,154
Loss on disposal of assets		-	32
Total other expenses		9,674	9,361
Surplus/(deficit) before income tax expense		(4,165)	(3,305)
Income tax	2a	1,160	4,172
Surplus/(deficit) from operations for the year		(3,005)	868
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		(3,005)	18,671

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2023

	Capital $000	Asset revaluation Reserve $000	Accumulated surpluses / (deficits) $000	Total $000
Balance at 1 July 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	(73,523)	203,456
Total comprehensive revenue and expense for the period				
Surplus/(Deficit) for the year	-	-	(3,005)	(3,005)
Total comprehensive revenue and expense for the year	-	-	(3,005)	(3,005)
Balance at 30 June 2023	244,636	32,344	(76,528)	200,452

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

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 $000	2022 $000
Current assets			
Cash and cash equivalents	16	15,358	7,275
Trade and other receivables	3a	1,210	707
Other financial assets	4	-	6,000
Inventories	5	432	259
Other current assets	6	224	82
Total current assets		17,224	14,323
Non-current assets			
Property, plant & equipment	7	226,408	231,887
Intangible assets	8	264	383
Deferred tax assets	2d	3,263	14,205
Total non-current assets		229,936	246,475
Total assets		247,160	260,798
Current liabilities			
Trade and other payables	9a	3,537	2,294
Employee entitlements	10	855	553
Borrowings	11a	2,485	-
Total current liabilities		6,877	2,847
Non-current liabilities			
Trade and other payables	9b	1,722	1,799
Borrowings	11b	1,400	15,885
Deferred tax liabilities	2d	36,708	36,811
Total non-current liabilities		39,830	54,495
Total liabilities		46,707	57,342
Net assets		200,452	203,456
Equity			
Capital and other equity instruments	12	244,636	244,636
Asset revaluation reserve		32,344	32,344
Accumulated surpluses/(deficits)		(76,528)	(73,524)
Total equity		200,452	203,456

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

For and on behalf of the Board

DIRECTOR: Gill Cox — 28 September 2023 DATE

DIRECTOR: Brent Ford — 28 September 2023 DATE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 $000	2022 $000
Cash flows from operating activities			
Receipts from customers		23,195	10,451
Subvention received		12,000	1,500
Council operating grant		4,050	4,050
Government wage subsidy and resurgence support payment		21	1,906
Payments to suppliers and employees		(25,667)	(16,098)
Net GST movement		25	10
Net cash provided by (used in) operating activities	16	13,624	1,819
Cash flows from investing activities			
Purchase of investments		(12,000)	(14,000)
Council capital grant		3,731	5,242
Pre-paid lease rental revenue		134	134
Payment for property, plant & equipment		(2,717)	(2,068)
Interest received		415	77
Sale of property, plant & equipment		12	11
Maturity of investments		18,000	10,000
Net cash provided by (used in) investing activities		7,575	(604)
Cash flows from financing activities			
Interest and other finance costs paid to related party		(1,116)	(1,154)
Loan repayments to related party		(12,000)	-
Net cash provided by (used in) financing activities		(13,116)	(1,154)
Net increase in cash and cash equivalents		8,083	61
Cash and cash equivalents at beginning of year		7,275	7,214
Cash and cash equivalents at end of year		15,358	7,275

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

STATEMENT OF SERVICE PERFORMANCE

OBJECTIVE & STRATEGY		
PERFORMANCE MEASURE	2022/2023	PROGRESS AS AT 30 June 2023
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 14 major ticketed events at Venues Ōtautahi venues[1]. 'Events Economics Tool'[2] used to estimate visitor spending on a sample of major events	VŌ has exceeded the annual target of 14 with 28 major events held year to date. Major events included, but is not limited to the following: The Killers, Jimmy Carr, Michael McIntyre, Sting and Cirque du Soleil CRYSTAL at Wolfbrook (formerly Christchurch) Arena All Blacks vs Argentina, Football Ferns vs Korea Republic, Six60, Elton John, Snoop Dog and One NZ Warriors at Apollo Projects (formerly) Orangetheory Stadium and; 10 International Cricket matches and Black Clash at Hagley Oval. For a sample of major validated economic impact data is provided by Fresh Info who utilise the event economics tool.
Contribute direct economic benefit to the region[3] through implementation of local procurement strategy where commercially viable	75% of food and beverage product lines procured from Canterbury	VŌ's focus remains strongly on continuing to celebrate and source local with 79% of all food and 67% of all beverage sourced from Canterbury suppliers for the 2023 financial year.
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 400,000	With a stronger than expected return to business than expected following the lifting of Covid-19 restrictions in April 2022, Venues Ōtautahi has exceeded the annual target of 400,000 guests with a total attendance of 689,707 across all Venues Ōtautahi venues for the year.
Develop and implement a prioritisation framework to reflect non-discretionary community benefit events.	Prioritisation framework developed	Requirement for prioritisation framework reviewed with Council. A reporting framework for the prioritisation of Council operational support now the focus and is now complete with the establishment of a Venues Ōtautahi and Council business planning working group.
Enhance the physical assets and guest experience through a deeper connection with our Ōtautahi cultural heritage	Develop an engaged and collaborative working relationship with Ngai Tūāhuriri	Venues Ōtautahi is developing a close working relationship with Ngai Tūāhuriri through the Te Kaha project with the development of the cultural narrative and physical design for the new venue now complete. Physical changes at Wolfbrook Arena have also been implemented with Te Reo and English signage across the venue now in place. The intention is Venues Ōtautahi relationship with Ngai Tūāhuriri continues to deepen and support extends to the remaining suite of Venues Ōtautahi venues from a physical perspective as well as the development and execution of the VŌ guest experience strategy.

OBJECTIVE & STRATEGY		
PERFORMANCE MEASURE	2022/2023	PROGRESS AS AT 30 June 2023
Social and Cultural Impact (cont.)		
Make venues available to support local community groups / individuals	At least 40 events receive the community rate.	With a stronger than expected demand from community groups and individuals to host events following the lifting of Covid-19 restrictions in April 2022, VŌ has well surpassed the annual target of 40 with 65 community groups receiving the community rate in the 2023 financial year.
Client and Guest Experience		
Client Net Promoter Score (NPS[4])	Achieve greater than 45 NPS[4] during the year	VŌ has exceeded the client Net Promoter Score target of 45 with a client NPS of 65 achieved in the 2023 financial year.
Guest NPS[4]	Achieve greater than 45 NPS[4] during the year	VŌ has exceeded the guest Net Promoter Score target of 45 with a guest NPS of 57 achieved in the 2023 financial year.
People and Relationships		
Employee NPS[4]	Implement an employee NPS[4] target using baseline data	A target of achieving greater than 45 NPS for Venues Ōtautahi staff has been established for the FY22/23 year.
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.	The annual review of the AMP was completed in February 2023 in line with the annual budgeting process. The operational capital programme is on track. The capital AMP for Wolfbrook Arena is off track due to the legacy impacts of Covid-19 on supply chain. With some rephasing of items the capital AMP is forecast to be back on track from December 2023. A full review of the AMP is to be undertaken in late 2023 in line with the 2024-34 LTP.
Health, Safety and Wellbeing		
Maintain a comprehensive health, safety, and wellbeing strategy	Continuously improve the health, safety, and wellbeing strategy	Venues Ōtautahi's health, safety and wellbeing strategy was not required to be updated during the year. An independent review of the VŌ health and safety management system was completed in Q2 FY22/23 with all recommendations either implemented or in the process of being implemented. As part of the drive to continuously improve all aspects of health, safety and wellbeing, VŌ also employed a Head of Health, Safety and Risk and implemented a new system for the business in Q3 FY222/23.
Digital Transformation		
Reimagine the Venues Ōtautahi business through digital transformation	Develop digital transformation strategy	An Information, Communications and Technology roadmap developed in FY22/23. The VŌ Data and Technology Strategy complete with execution commencing Q1 FY23/24.
Te Kaha Multi Use Arena (formerly CMUA)		
Provide operator advice to the design of the 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	VŌ intensive engagement in developed and detailed design continued in FY22/23 with reconciliation to the core design fundamentals and minimising whole of life costs the focus. VŌ Chair and Chief Executive continuing governance involvement as Director and Advisor respectively on the Te Kaha Project Delivery Board.

OBJECTIVE & STRATEGY		
PERFORMANCE MEASURE	2022/2023	PROGRESS AS AT 30 June 2023
Maximise the social, cultural, and economic impact of Te Kaha for the people of Christchurch	Develop commercial and community engagement strategy for Te Kaha	Identification and valuing of all commercial assets at Te Kaha complete. Development of the sales strategy complete with execution commencing Q1 FY22/23. Development of Te Kaha venue marketing, communications, and engagement strategy complete. Execution of Te Kaha venue marketing, communications and engagement strategy commenced June 2023.
Engage and connect the community and key stakeholders with Te Kaha through communications, stakeholder engagement and brand identity	Develop and commence activation of the communications, stakeholder engagement and brand development strategy for Te Kaha	Te Kaha venue brand, narrative, launch video and website complete and released publicly in August 2022. All project stakeholders re-engaged in the project by VŌ with the next phase to present detailed design in late 2023. Development of Te Kaha venue marketing, communications, and engagement strategy complete. Execution of Te Kaha venue marketing, communications and engagement strategy commenced June 2023.
Sustainability and Environment		
Contribute to reducing the City's carbon footprint	Establish GHG emission, energy, solid waste and water management plans through to 2030.	Formal partnership with Toitū established Q1 FY22/23. Independent expertise engaged in FY22/23 to establish the VŌ baseline carbon footprint and sustainability strategy and roadmap to achieve carbon neutrality by 2030 (including carbon, energy, waste and water management plans) with both completed Q4 FY22/23. From FY23/24 The VŌ sustainability roadmap has a performance target for an annual reduction in carbon year on year through to the company's carbon neutral target of 2030.
	Develop procurement requirements for our suppliers to have GHG emission, energy, solid waste and water management plans	Revised and Board approved VŌ Procurement Policy, inclusive of the requirement for suppliers to have GHG emission, energy, solid waste and water management plans effective from FY23/24.
	Engage with an independent verifier to acquire internationally recognised industry best practice environmental and carbon certification.	Formal partnership with Toitū established Q1 FY22/23. Sustainability consultants engaged to support VŌ with development of sustainability strategy and roadmap also engaged to provide support to achieve chosen environmental and carbon certification.
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 by Fresh Info.

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 the company has considerably more satisfied customers than dissatisfied.
- An NPS score above 80 is World Class and means customers love you and your company generates a lot of positive word-of-mouth referrals.

Categories

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

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

Definition of Guests for NPS

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

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

Note, NPS verification data for FY21/22 included Super Rugby and International Cricket ticketed event data due to the significantly reduced sampling size available to Venues Ōtautahi due to Covid-19 and the limited number of events able to be held in the FY21/22 year. Due to this data (which is captured by Super Rugby and International Cricket clients versus Venues Ōtautahi directly) reflecting a broader range of measures, this would not normally be the case.

FINANCIAL PERFORMANCE TARGETS

Full year performance against target

	2023 Actual $000	2023 Target $000	Variance $000
Direct operating income	20,950	14,808	6,142
Grant revenue received from Council	4,050	4,050	-
Government wage subsidy	-	-	-
Less: Direct operating expenses	10,461	6,967	(3,495)
Less: Net operating overheads and fixed costs	13,046	12,068	(979)
Te Kaha pre-opening costs	218	-	(218)
EBITDA	1,274	(177)	1,451

The positive variance against target reflects a quicker return to operational activity following the Covid-19 restrictions with 435 events held across the Venues Otautahi venues versus an original budget of 305 events.

Ratio of shareholders funds to total assets

The ratio of shareholders' funds to total assets is:

Actual	Target
82%	81%

The capital structure

	Actual $000	Target $000	Variance $000
Issued shares and other equity instruments	244,636	244,636	-
Debt	3,885	15,885	(12,000)
Total assets	247,160	236,022	11,138

The positive variance of total assets against target relates to the Subvention receipt of $12 million and subsequent repayment of the Council advance. The repayment of the advance was agreed with Council in March 2023.

Facilities rebuild

	Actual $000	Target $000	Variance $000
Facilities repair/rebuild			
Asset Management Plan	2,312	3,168	(856)
Operational Equipment	832	486	346
	3,143	3,654	(511)

The final stage of the Wolfbrook Arena roof strengthening was planned to be completed in January 2023. This is now scheduled for completion in February 2024, due to a new resource consent being required for the remainder of the work and the subsequent rescheduling of suppliers.

The Asset Management plan will be reviewed in the 2024 financial year, to align with the Christchurch City Council 2024-2034 Long Term Plan.

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

1 PROFIT FROM OPERATIONS

1a Revenue

	Note	2023 $000	2022 $000
Revenue from exchange transaction			
Rendering of services		21,969	9,726
Interest revenue:			
Bank deposits		470	85
Total interest revenue		470	85
Other revenue:			
Profit on disposals of assets		35	14
Miscellaneouse revenue		581	487
Total other revenue		616	501
Total revenue from exchange transactions		23,055	10,313
Revenue from non-exchange transaction			
Rental revenue		225	225
Council operating grant	17	4,050	4,050
Total revenue from non-exchange transactions		4,275	4,275

1b Operating expenses

	Note	2023 $000	2022 $000
Operating expenses:			
Operating lease expenses - minimum lease payments		275	268
Food and beverage expenses		3,993	1,490
Donations		5	-
Directors Fees		125	106
Audit fees		95	67
Other expenses		11,313	7,324
Total operating expenses		15,806	9,255

1c Personnel costs

	2023 $000	2022 $000
Personnel costs:		
Salaries and wages	9,242	6,280
Defined contribution plan employer contributions	223	153
(Decrease)/increase in employee entitlements	302	(8)
Total personnel costs	9,767	6,425

Salaries and wages contain severance payments of $75k for the year. (2022: nil).

2 INCOME TAXES

2a Income tax recognised in profit or loss

	2023	2022
	$000	$000
Tax expense income comprises:		
Current tax (income)	-	-
Adjustments to current tax in prior years	-	(1,031)
Prior year subvention received	(12,000)	(1,500)
Deferred tax relating to temporary differences	10,840	(1,641)
Total tax income on operations	(1,160)	(4,172)

Reconciliation of prima facie income tax:

	2023	2022
	$000	$000
Surplus/(deficit) from operations	(4,165)	(3,304)
Income tax calculated at 28%	(1,166)	(925)
Non-deductible expenses:		
Entertainment	11	2
Legal expenses	7	-
Reversal of fixed life intangible property	-	(2,192)
Non-assessable income:		
Over / (under) provision of previous year's income tax including subventions and loss offsets	(12)	(1,057)
Income tax income from operations	(1,160)	(4,172)

Tax losses of $42.86 million (2022: $5.36m) were transferred to the Christchurch City Council Tax Group by a subvention payment of $12 million in March 2023 ($1.5m) and loss offset of $30.86 million ($3.86m)

2b Current tax assets and liabilities

There is no current tax asset or liability in the 2023 financial year (2022: nil)

2c Imputation credit account balances

There are no imputation credits available for use in subsequent periods (2022: nil)

2 INCOME TAXES (CONT)

2d Deferred tax balances

Taxable and deductible temporary differences arise from the following:

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

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

3 TRADE AND OTHER RECEIVABLES

3a Current trade receivables

		2023 $000	2022 $000
Exchange transactions			
Trade receivables		512	564
Provision for impairment	3c	-	-
Net trade receivables		512	564
Exchange transactions other receivables		228	130
Total exchange receivables		740	694
Non-exchange transactions			
Non exchange transactions related party other receivables		470	13
Total non-exchange receivables		470	13
Total current trade and other receivables		1,210	707

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 2023 and 2022 are detailed below:

	2023 $000			2022 $000		
	Gross $000	Impairment $000	Net $000	Gross $000	Impairment $000	Net $000
Not past due	464	-	484	557	-	557
Past due 31 - 120 days	48	-	48	7	-	7
Past due 91 - 120 days	-	-	-	-	-	-
Past due > 120 days	-	-	-	-	-	-
Total	512	-	512	564	-	564

The carrying value of receivables that would otherwise be past due or impaired whose terms have been renegotiated, amount to nil (2022: nil).

3c Current trade receivables and other receivable impairment movement

	2023 $000	2022 $000
Individual impairment	-	-
Total impairment	-	-
Movement in provision for impairment		
As at 1 July	-	-
Additional provisions made during the year	(14)	(13)
Provisions reversed during the year	13	13
Receivables written off during the year	1	-
Balance at 30 June	-	-

The expected credit loss rates for receivables at 30 June 2023 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

	2023 $000	2022 $000
Term deposits	-	6,000
Total other current financial assets	-	6,000

There were no long-term deposits greater than 90 days held at the end of the 2023 financial year. For the previous year 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

	2023 $000	2022 $000
Inventory held to be consumed in the rendering of services	432	259
Total current inventories	432	259

No inventories are pledged as security for liabilities (2022: nil). There was no write-down of inventories (2022: nil).

6 OTHER CURRENT ASSETS

	2023 $000	2022 $000
Prepayments	224	82
Total other current assets	224	82

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 2021	216,958	883	224	10,703	228,768
Additions	697	232	7	692	1,628
Disposals	(35)	-	-	(79)	(115)
Net revaluation	9,913	-	-	-	9,913
Transfer between asset class	1,042	(1,042)	-	-	-
Balance at 30 June 2022	228,575	73	232	11,315	240,195
Additions	1,901	-	-	1,197	3,098
Disposals	-	-	-	(64)	(64)
Transfer between asset class	73	(73)	-	-	-
Balance at 30 June 2023	230,549	-	232	12,448	243,229
Accumulated depreciation and impairment:					
Balance at 1 July 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)
Disposals	-	-	-	63	63
Depreciation expense	(7,870)	-	(17)	(689)	(8,575)
Balance at 30 June 2023	(7,870)	-	(134)	(8,817)	(16,820)
Net book value as at 30 June 2022	228,575	73	115	3,124	231,887
Net book value as at 30 June 2023	222,679	-	98	3,631	226,408

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

The $73k transfer of assets from WIP to buildings relates to Stage 3 and 4 of the Arena Roof Strengthening.

All costs that have been incurred during the 2023 financial year relating to the continuation of the Arena Roof Strengthening and Christchurch Town Hall Restoration Project were capitalised at 30 June 2023. Therefore, there is no WIP asset balance at 30 June 2023.

For 2022 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

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

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 Wolfbrook 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. The valuation of the buildings does not use fully observable data, and replacement cost is derived from recent construction contracts of modern equivalent or comparable assets. 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

	2023 $000	2022 $000
Gross carrying amount:		
Opening balance	1,483	1,209
Additions	45	274
Closing gross carrying amount balance	1,528	1,483
Accumulated amortisation and impairment:		
Opening balance	(1,100)	(1,038)
Amortisation expense	(164)	(62)
Closing accumulated amortisation and impairment balance	(1,264)	(1,100)
Total intangible assets	264	383

9 TRADE AND OTHER PAYABLES

9a Current trade and other payables

	2023 $000	2022 $000
Exchange transactions		
Trade payables	2,053	1,043
GST Payable	119	27
Owing to related parties	78	298
Income in advance	1,287	926
Current trade and other payables from exchange transactions	3,537	2,294
Total current trade and other payables	3,537	2,294

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

9b non-current trade and other payables

	2023 $000	2022 $000
Exchange transactions		
Income in advance	1,722	1,799
Non-current trade and other payables from exchange transactions	1,722	1,799
Total non-current trade and other payables	1,722	1,799

10 EMPLOYEE ENTITLEMENTS

	2023 $000	2022 $000
Employee Entitlements		
Accrued salaries and wages	199	101
Annual leave	617	359
Long service leave	-	16
Sick leave	-	30
Lieu time and other leave	39	46
Service allowance	-	1
Total employee entitlements	855	553

11 BORROWINGS

11a Current borrowings

	2023 $000	2022 $000
Unsecured:		
Loan from related party - Council	2,485	-
Total non-current borrowings	2,485	-

11b Non-current borrowings

	2023 $000	2022 $000
Unsecured:		
Loan from related party - Council	1,400	15,885
Total non-current borrowings	1,400	15,885

The fair value of the non-current borrowing of the Company is $3.66 million (2022: $18.4 million) based on cash flows discounted using the market borrowing rate of 10.00% (2022: 4.49%). Movements relate to interest charge and repayment of $13.12 million (2022: $1.15 million).

Interest is payable semi-annually on all borrowings. The interest rate is calculated using the Council's average borrowing cost plus margin. The average interest rate for the loan balance as at 30 June 2023 is 5.61% (2022: 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.

	2023 $000	2022 $000
Capital and other equity instruments		
Fully paid ordinary shares	155,136	155,136
Fully paid A redeemable preference shares	89,500	89,500
Opening and closing balance at end of financial year	244,636	244,636

No additional shares were issued during the financial year ended 30 June 2023.

13 CAPITAL COMMITMENTS

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

Plant and Equipment Nil (2022 $210k)
Buildings Nil (2022 $192k)

14 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no material contingent assets or liabilities for the Company as at 30 June 2023 (2022: nil).

15 EVENTS AFTER BALANCE DATE

There are no material events known to the Directors occurring after balance date that would have a significant impact on the financial statements for the year ended 30 June 2023.

16 NOTES TO THE CASH FLOW STATEMENT

	2023 $000	2022 $000
Cash and cash equivalents		
Cash on hand	5,837	2,770
Asset sinking fund	4,521	4,505
Call and term deposits	5,000	-
Total cash and cash equivalents	15,358	7,275

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

Surplus / (deficit) for the period from operations	(3,005)	869
Non cash items		
Depreciation and amortisation of non-current assets	8,740	8,175
Movement in deferred tax	10,840	(1,641)
Items classified as investing / financing activities		
Movement in capital creditors	(403)	168
Gain on disposal of property, plant & equipment	(35)	(14)
Loss on disposal of property, plant & equipment	-	31
Interest revenue received	(415)	(77)
Finance and interest costs paid	1,116	1,154
Pre-paid lease rental revenue	(134)	(134)
Council capital grant	(3,731)	(5,242)
Movement in working capital		
(Decrease) / increase in creditors	1,412	(922)
(Increase) / decrease in receivables	(586)	418
Increase / (decrease) in income tax	-	(1,031)
Decrease / (increase) in inventory	(173)	65
Net cash from operating activities	13,624	1,819

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 favorable than those that it is reasonable to expect Venues Ōtautahi and the Company Group would have adopted in dealing with the party at arm's length in the same circumstances.

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

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

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.

	2023 $000	2022 $000
Non-arms length revenue from related parties:		
Subvention payments received from Council group entities	12,000	1,500
Building lease rental top-up received from Council	134	134
Council operating grant	4,050	4,050
Council capital grant	3,731	5,242
Event contribution from ChristchurchNZ	-	-
Total receipts / receivables from related parties	19,915	10,926
Non-arms length costs incurred with related parties:		
Lease of Town Hall land from the Council	117	108
Management fee paid to Council	-	-
Total non-arms length costs incurred with related parties:	117	108
Year end balances (inclusive of GST)		
Accounts payable and payment accruals to Council	40	75
Accounts receivable from Council	341	-
Loan advances from Council	3,885	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 (2022: nil).

18 KEY MANAGEMENT REMUNERATION

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

	2023 $000	2022 $000
Directors		
Full -time equivalent members	5	4
Remuneration	125	106
Senior management team		
Full -time equivalent members	7	6
Remuneration - employment contracts	1,500	1,229
Total full-time equivalent personnel	12	10
Total key management personnel renumeration	1,625	1,335

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:

	2023 $000	2022 $000
No later than one year	396	395
Later than one year and not later than five years	882	922
Later than five years	3,462	3,522
Total non-cancellable operating lease commitments	4,740	4,839

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:

	2023 $000	2022 $000
No later than one year	91	91
Later than one year and not later than five years	364	364
Later than five years	1,342	1,433
Total non-cancellable operating leases as lessor	1,797	1,888

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 MANAGEMENT

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

Credit risk management

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

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

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

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

Liquidity risk management

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

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

Interest rate sensitivity analysis

The Company is not sensitive to movements in interest rates in respect of its borrowing obligations as all the borrowings are fixed. The Company entered a portion of surplus cash into fixed term deposits. Accordingly, a 1% movement either way on cash and term deposit balances would have the effect of increasing / decreasing the Company's profit before tax by $149,392 or $107,562 after tax (2022: $104,658 before tax, $75,354 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:

	2023 $000	2022 $000
Counterparties with credit ratings		
Cash at bank and bank term deposits		
AA-	15,358	13,275
Total cash at bank and term deposits	15,358	13,275
Debtors and other receivables		
Related parties receivables (AA-)	470	13
Existing counterparty with no defaults in the past	740	694
Total debtors and other receivables	1,210	707

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 2023 or 2022.

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

Classification of financial instruments (cont.)

2022	Amortised cost $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

Contractual maturity analysis

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

Other financial assets and cash and cash equivalents contractual cash flows include interest of $85k under the term deposits entered into (2022: $77k).

Classification of financial instruments (cont.)

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)

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 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 2023. The financial statements were authorised for issue by the Board of Directors on 28 September 2023.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

c. Tax

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

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

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

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

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

Impairment of deferred tax

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

d. Trade and other receivables

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

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

Trade and other receivables from exchange transactions

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

Trade and other receivables from non-exchange transactions

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

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

Impairment of trade receivables and other receivables

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

e. Other financial assets

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

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

Impairment of other financial assets

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

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

f. Provisions

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

g. Inventories

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

h. Property, plant and equipment

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

Revaluations

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

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

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

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

Additions

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

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

Subsequent costs

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

Disposals

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

Depreciation

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

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

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

Impairment of property, plant and equipment

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

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

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

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

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

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

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

Distinction between capital and revenue expenditure

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

i. Intangible assets

Computer software

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

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

Amortisation

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

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

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

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

j. Trade and other payables

Trade and other payables are measured at the amount payable.

k. Employee entitlements

Short-term employee entitlements

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

All employee entitlements are classified as a current liability.

l. Interest-bearing borrowings

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

m. Share capital

Ordinary share capital

Ordinary shares are classified as equity.

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

Preference share capital

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

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

Dividends

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

n. Cash and cash equivalents

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

o. Statement of Cash flows

The cash flow statement is prepared inclusive of GST.

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

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

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

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

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

p. Operating leases

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

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

q. Goods and services tax

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

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

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

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

Preparing financial statements to conform to PBE IPSAS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, revenue and expenses. The estimates and associated assumptions have been based on historical experience and other factors that are believed to be 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 2023

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 (Resigned 30 May 2023)
	Trustee	Christchurch Operatic Incorporated
	Councillor	Christchurch City Council
Brent Ford	Director	Ford Virtual CFO and Advisory Services Ltd
	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	Apparel and Merchandising Solutions Ltd
	Advisor	Action Plastics Ltd
	Advisor	The Kitchen Team Ltd
	Advisor	Goleman Group
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
	Advisor	Connell Contractors Ltd
	Director	Confederation of Asian and Pacific Accountants Ltd
	Director	Foodco Pty Ltd Group
	Director	Waimakariri Irrigation Ltd Group
	Director	Christchurch City Holdings Ltd
Susan Christina Goodfellow	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
	Chief Executive Officer	Central Plains Water Ltd
Kelly John Ashby Barber	Councillor	Christchurch City Council

DIRECTORS INSURANCE

The Company has directors' liability insurance for all Directors. Premiums to the value of $26,600 were paid in the 2023 year (2022: $23,435).

DIRECTOR REMUNERATION

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

	2023	2022
Bryan Pearson	-	10,000
Brent Ford	32,500	30,000
Wynton Gill Cox	60,000	50,000
Susan Christina Goodfellow	32,500	16,250
	125,000	106,250

DIRECTORS AT 30 JUNE AND MOVEMENT DURING THE YEAR

Directors at 30 June 2023 are:

Timothy Scandrett
Brent Ford
Gill Cox
Susan Goodfellow
Kelly Barber

Tim Scandrett resigned as a director on 25 January 2023 and was re-appointed on 22 March 2023.

Kelly Barber was appointed as a director on 22 March 2023.

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 donations of $4,763 made by the Companyduring the year (2022: 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	**2023**	**2022**
$100 - $110	5	3
110 - $120	-	-
$120 - $130	1	1
$130 - $140	-	-
$140 - $150	-	-
$150 - $160	-	-
$160 - $170	-	1
$170 - $180	-	1
$180 - $190	2	1
$190 - $200	3	1
$420 - $430	1	1
Total Employees	12	9

DIVIDENDS

There have been no dividends declared for the 2023 financial year (2022: 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 2023 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 2023

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 15 to 18 and 25 to 45, that comprise the statement of financial position as at 30 June 2023, 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 19 to 24.

In our opinion:

- the financial statements of the company on pages 15 to 18 and 25 to 45:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2023; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with the Public Benefit Entity Reporting Standards; and
- the performance information of the company on pages 19 to 24 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 2023.

Our audit was completed on 28 September 2023. This is the date at which our opinion is expressed.

The basis for our opinion is explained below and we draw attention to the fact that no forecast financial statements were presented for comparison with historical financial statements. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

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

Without modifying our opinion, we draw attention to the fact that the company did not include forecast financial statements in its 2022/23 statement of intent, as required by the Local Government Act 2002. As a result, no comparison of the forecast financial statements with the historical financial statements was presented in the annual report.

Basis for our opinion

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

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

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

Responsibilities of the Board of Directors for the financial statements and the 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 performance targets reported in 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 1 to 14 and 47 and 48, but does not include the financial statements and the performance information, and our auditor's report thereon.

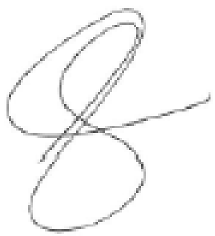
Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

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