VENUES ŌTAUTAHI

VENUES ŌTAUTAHI LIMITED ANNUAL REPORT 30 JUNE 2021

WHERE
WE SUPPORT
LOCAL

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CHAIR & CHIEF EXECUTIVE REPORT

Our Year in Review

As we reflect on a year full of challenge, but with that opportunity, our purpose and reason for being remains core to Venues Ōtautahi's recovery and future success.

Venues Ōtautahi venues attract and host all major events in Christchurch and our purpose is to take care of the venues and make them the pride and delight of everyone – the community, clients, and our people.

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

Venues and events deliver both economic and social benefit to the community. Venues Ōtautahi is proud to reflect on a year where despite the disruption of Covid-19, ticketed events hosted in the venues delivered an estimated direct economic benefit of around $14m to the region[1].

Mass gathering restrictions were experienced in August and September 2020 and February and March 2021 due to Covid-19 resurgence in the community however the social benefit derived from the connection with and pride in the venues clearly demonstrated with event activity returning with vengeance following these sustained periods of constraint.

Transition

In October 2020 Venues Ōtautahi completed the transition back to being an independently governed and managed Council Controlled Organisation (CCO) having been managed by Council since 2011.

This process commenced in October 2019 and concluded in December 2020 and while Venues Ōtautahi is now independent the Company remains hand in glove with its Shareholder, Christchurch City Council (CCC).

Transition involved the review and reset of the business purpose, direction, and plan; the strengthening of leadership, culture, and capability; enhancement of systems; and improvement of performance.

Repositioning

In March 2021, the Vbase brand was repositioned to reflect who we are and what we do. We are Ōtautahi and we operate venues. The change to Venues Ōtautahi supports our intention to refocus on marketing the venues, not the business. Venues Ōtautahi supports and reinforces the importance of local procurement and deepens the Company's community and cultural connection.

The Venues Ōtautahi team, key stakeholders and our shareholder all embraced the change and a fresh new website with enhanced functionality, physical signage across the venues and team wardrobe continue to embed real pride in and connection with the brand for all.

1 *Estimates generated through the Event Economics Tool (unvalidated) and for Major Events provided directly from ChristchurchNZ (validated)*

Celebrate and Source Local

Local procurement has and remains a core focus of the business. In FY20/21 Venues Ōtautahi contributed $1.4m of direct additional contribution to Canterbury suppliers through sourcing 83% of all food and 61% of all beverage from the Canterbury region.

With remaining food and beverage product sourced predominantly from the South Island, only 6% of product comes from overseas. Prior to April 2020 when the transition from an outsourced to inhouse catering model became effective, 30% of products were imported, 50% were from the North Island and only 5% were from the Canterbury region.

Venues Ōtautahi are forecasting across the next 3 financial years direct additional contribution to Canterbury suppliers of $1.7m, $1.9m and $2.1m respectively.

Procuring locally has not only delivered a positive economic impact on the region but also means Venues Ōtautahi can provide clients and guests with the best food and beverage experience the region has to offer.

With commercial viability underpinning the strategy, significant cost savings have been achieved. In 2019 the Company had an average food and beverage cost of goods sold of 43%. This has reduced by over 10% as a result of changing to a local procurement model.

Canterbury Multi Use Arena [CMUA]

Venues Ōtautahi will be the operator of the CMUA and this year saw intensive engagement in the development of the design brief, the design and construction consortia evaluation and procurement process and in the detailed concept design sprint. Venues Ōtautahi will continue this intense level of engagement through the remaining design, construction, and commissioning phases of the new venue prior to its opening in 2025.

This is a critical project for the city and one of the final symbols of post-Earthquake recovery. 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 Christchurch community.

Covid-19

Covid-19 continued to challenge the business throughout FY20/21. Following the decimation of the events industry and associated hospitality, travel, and tourism sectors industry in March 2020, continued volatility in the Covid-19 environment made consistency and steadiness of recovery challenging. Community resurgence of Covid-19 in August 2020 and again in February 2021 resulted in 3 months with limited or no event revenue during this period.

The significant changes made in mid-2020 to ensure Venues Ōtautahi survival and recovery has however meant the Company is now lean and agile and able to move more quickly on its feet.

It is resilient, responsive to change and can advance in times of challenge and adversity. Covid-19 for all its challenges was a catalyst for changes to the business that have ensured the Company's ability to weather the storm of Covid-19 and will be those fundamental to ensure our future success.

Recovery will however take time as despite the lower cost base and variable resourcing model, the performance of the Company has been hit hard and is forecast to remain immensely challenging for some considerable time. The Covid-19 environment remains volatile, and borders remain shut and with limited exemption. This means, event revenues will experience slow and inconsistent recovery while fixed venue costs will endure.

The Venues
Venues Ōtautahi venues hosted 272 events in FY20/21. There were an additional 62 events cancelled or postponed as a result of Covid-19.

Christchurch Town Hall continued to host the highest volume and greatest variety of events across all Venues Ōtautahi venues with over half of all events held at the venue. The much celebrated and accoladed repair of this iconic city venue delivering the social, cultural, and economic value intended when Christchurch City Council committed to its restoration.

Orangetheory Stadium hosted 23 events including 4 sold out Crusaders matches in the 2020 and 2021 Super Rugby Aotearoa competitions. With border restrictions in play and a competition reduced to New Zealand teams only this was fantastic to see and both seasons had a real sense of a local derby which drew the crowds.

FY20/21 also saw Venues Ōtautahi attract and deliver 8 major ticketed events. Major ticketed events exclude Super and NPC rugby but include all ticketed events attended by over 5,000 guests.

With major ticketed events delivering the greatest economic impact to the region it was fantastic to see an exceeding of the Venues Ōtautahi Statement of Intent target of 6 in the FY20/21 year.

Major sporting and cultural ticketed events were distributed between Hagley Oval, Christchurch Arena and Airforce museum highlighting the flexibility and diversity of the Venues Ōtautahi portfolio.

Major events at Christchurch Arena included a first ever sold-out Canterbury Tactix netball match, a wonderful welcome home for Crowded House, and the Wiggles.

The Airforce Museum of New Zealand hosted Van Gogh alive with over 50,000 tickets sold and Hagley Oval hosted two sell out cricket matches, the first under lights at the ground, when the Blackcaps played Australia and when rugby and cricket greats took each other on in the Black Clash.

Venues Ōtautahi will continue to prioritise the attraction of major ticketed events so as to continue to deliver the significant economic impact to region derived from these.

Our People and Our Community
Despite the extraordinary challenges that continued into this financial year, our people remain focused on the special privilege it is to manage the venues on behalf of the people of Christchurch. Contributing positively to our community through the generation of economic, social, and cultural benefits is at our very core and the ultimate measurement of success.

The Venues Ōtautahi team are a genuine tale of resilience and collaboration. The team have continued to lean on each other through times of challenge and have continued to focus through some significant peaks and troughs in event activity on providing the best experience for our clients and guests and on making the venues the pride and delight of everyone.

The team have embraced a new way of doing business, a new business identity, the sometime challenges of a variable resourcing model, a new operational model and have done this with the continued drive and passion for events and for doing good for our community. The team are a testament to everything wonderful about the events and venues industry and a business with the best interests of the community at our core.

During the course of the year Venues Ōtautahi have focused on continuing to develop stronger community connection with and increased access to the venues. FY20/21 saw the daily opening of Christchurch Town Hall to the public and the establishment of the Town Hall volunteer programme and albeit the success of this initiative has been hindered by Covid-19 it remains a priority.

Venues Ōtautahi have maintained local cultural and community event access to the Christchurch Town Hall and Christchurch Arena through the provision of discounted venue hire rates with 45 events being delivered at this discounted rate. This again exceeds the FY20/21 Statement of Intent target of 30.

Venue compliance, maintenance and operating costs, particularly in relation to the heritage listed Christchurch Town Hall, does make affordability for these groups more challenging however continuing to find ways to balance the commercial realities of the business and the community connection with and access to the venues will always be a key element of our community focus.

Looking Forward

As a team we remain focused on our continued recovery from the impacts of Covid-19, building for our future success, the CMUA and on creating a culture and capability where our people are enabled to innovate, disrupt the status quo and find new and better ways of delivering value to clients, guests and the community at large.

We will continue to look after each other and will develop a holistic approach to wellbeing that supports the mental, physical, social and spiritual health of our people and strengthens the connection between us.

Venues Ōtautahi is optimistic about the year ahead but mindful of the strategic and environmental challenges we will inevitably be required to navigate.

With continued volatility in the Covid-19 environment and the impact of the opening of Te Pae later in the year unknown, we do expect the forecast to remain challenging as event revenues slowly recover, venue fixed costs endure, and local competition increases.

We remain committed, in close collaboration with our shareholder, Christchurch City Council, to continuing to navigate our way through these inevitable 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.

______________________	30 November 2021
Chief Executive	Date
Caroline Harvie-Teare	
______________________	30 November 2021
Chair	Date
Gill Cox	

OUR PEOPLE

A TALE OF RESILIENCE AND COLLABORATION

The devastating Earthquakes of 2010 and 2011 had a significant impact on the Venues Ōtautahi business and team.

Across the venue portfolio at the time the Christchurch Town Hall, Lancaster Park, and the Christchurch Convention Centre were unable to operate, with the latter two subsequently being. In 2011 the business was downsized and transitioned as a department into Christchurch City Council.

In February 2019 following the completion of the restoration and repair of the Christchurch Town Hall we saw the reopening of this iconic community asset and the immediate return to a high volume and diverse range of event activity in the venue.

With this, the continued and consistent use of Christchurch Arena, confirmation Venues Ōtautahi would operate the new Canterbury Multi Use Arena (CMUA) and with management services agreements in place for Hagley Oval, Orangetheory Stadium and Airforce Museum of New Zealand in October 2019 the business commenced the transition to being independently governed and managed as a Council Controlled Organisation (CCO).

The team and business were set and focused on building leadership capability, on setting a new purpose and strategic direction motivated to derive positive social, cultural, and economic benefit to the region and to building a culture of doing good for the community at its core.

In March 2020, the business however was hit with the immediate and again devastating impacts of a different disaster; Covid-19. The immediate closure of all venues, immediate loss of all revenue and no clear path in sight for recovery meant that the business needed to focus on survival, recovery and rebuild. A core part of survival was a close to 60% downsizing of the business.

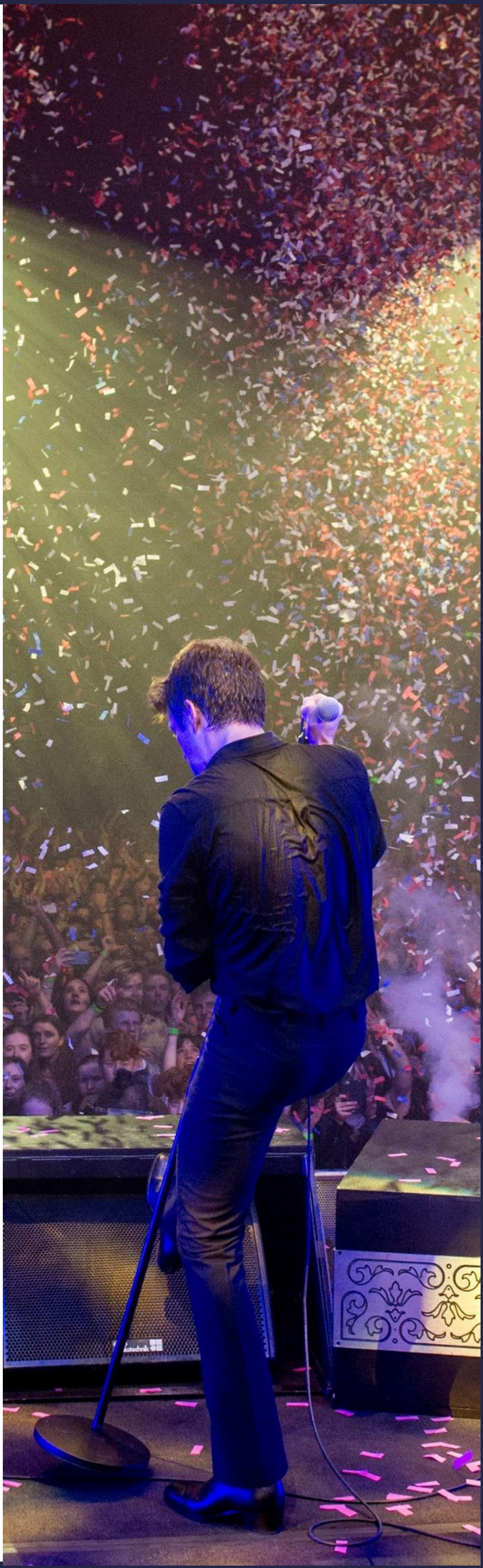
In June 2020, the Venues Ōtautahi team farewelled 50 of their close colleagues, all of whom had put their life and soul into the business, many over a long number of years. This was incredibly challenging for those leaving the business, but also for those who remained.

The team showed resilience, strength, empathy, and grace and since then have continued to navigate their way through the volatile Covid-19 environment with these core values well and truly at the fore. Outside of Covid-19 Alert Level 1, at each change in Alert level the Venues Ōtautahi business in most respects stops. With restrictions on both mass gatherings and on the International border the team have had to remain positive, focused, and agile in a world full of uncertainty and change.

Without fail, the team have come together, have supported each other, have always focused on the positive and doing the best for our clients, guests, key partners, and stakeholders and for the community and have never deviated from their inherent passion for the industry.

This Venues Ōtautahi team, through what it has been through over the years, has a foundation of strength and resilience that will not waiver. This combined with the agility, boldness, humility, and kindness in how they do business is a powerful combination and one standing the Venues Ōtautahi business in good stead for future success.

As an Executive and a Board of Directors we would like to acknowledge every member of the team who have put so much into the business not only across the past year but across those that have gone before. You all have a genuine passion for and pride in the venues we are so privileged to manage on the community's behalf and we couldn't be prouder to be part of the team.



2020, THE YEAR OF CELEBRATING AND SOURCING LOCAL

In April 2020, Venues Ōtautahi made the decision to end its long-term outsourced catering partnership with Spotless Services and to bring catering in-house. The ability to control where the business could procure food and beverage so it could further support the Canterbury Region was the ultimate outcome, but this change has delivered so much more.

Ōtautahi was originally a food gathering place on the banks of the Ōtākaro and is where the Ngāi Tahu and Ngāi Tūāhuriri food story is woven into Ōtautahi's fabric. Ngāi Tahu has a deep knowledge of and connection to the coastline, inland plains, mountains, and lakes and it is this relationship that is reflected in how Venues Ōtautahi work with, cook, and prepare food.

The impact on the business, the region and the experience for clients and guests was immediate and has been profound. Celebrating and sourcing local has become a cornerstone of the Venues Ōtautahi ethos and underpins many aspects of its service delivery.

Venues Ōtautahi is ideally positioned in the supply chain between its producers and customers and this model shows large venues can buy local while still maintaining efficient, safe, and effective supply chains. Venues Ōtautahi now sources around 80% of all food and beverage product from Canterbury. Prior to April 2020 this was 5%. With only 6% of product, unable to be procured in New Zealand, coming from overseas, the remaining 14% predominantly comes from the South Island. Prior to April 2020, 30% of products were imported and 50% were from the North Island.

To bring this statistic to life, for this year's Super Rugby final Venues Ōtautahi procured 3,000 portions of hot chips from Rangitata and in the last 12 months have procured 6.5 tonnes of Canterbury beef and lamb, 28,195 Canterbury beers, 33,267 pours of Kaiapoi distilled gin and vodka and 620 sides of Akaroa salmon.

Purchasing directly from businesses in the local community not only allows guests to share and experience food and beverage from the region but also creates a community ecosystem. A complete redesign of the Venues Ōtautahi menu suite also means only minimal ingredients from outside the region are required.

With $1.7m of direct contribution to Canterbury suppliers forecast in FY21/22, procuring locally not only delivers a positive economic impact on the region but also means Venues Ōtautahi can provide clients and guests with the best food and beverage experience the region has to offer. This direct contribution is forecast to continue to grow with over $3m forecast by 2025 when the Canterbury Multi Use Arena opens for business.

With commercial viability underpinning the strategy, significant cost savings have also been achieved. In 2019 the Company had an average food and beverage cost of goods sold of 43%. This has reduced on average by over 10%. Sourcing local creates a regional eco-system that benefits all involved.

Cassels Brewery
Cassels Brewery is a family owned and operated craft beer brewery located at The Tannery in Woolston known for producing exceptional products. They have been brewing beer in Canterbury since 2010 and use organic pale malt from Dunsandel and Motueka Sauvin hops.

Cassels has become a core part of the Venues Ōtautahi beverage range providing a locally made product using locally procured grains by made local people.

Over the past year Cassels has provided Venues Ōtautahi close to 30,000 delicious locally produced beers. They have increased their production facilities and processes,hired new staff and revised systems and production sched-ules to meet the needs of both the current Venues Ōtautahibusiness and in preparation for its forecast business. With their strong community focus and broader contribution to local community groups and initiatives Cassels are closely aligned with the Venues Ōtautahi ethos.

Cassels Brewing Owner, Alasdair Cassels commented, “Cassels Brewing Co entered into a preferred supply agreement with Venues Ōtautahi mid-2020, as our organisationsboth emerged from the consequences of the first full nation-al lockdown for Covid 19.

We feel that the relationship has greatly strengthened not only our physical product sales, but also our broader brand engagement with the local community in Canterbury. The subsequent sales growth has been one of the elements that allowed Cassels to expand our workforce in the summer of 2020/21, with a new full time delivery driver joining the pro-duction brewery team along with an additional trainee brew-er.

“It has also given us the confidence to expand to meet growing demand, with major investment into a new canning line, and fermenter tank capacity which has grown our production capacity to be the largest in the Christchurch region. It has allowed Cassels to expand its charitable and sponsor- ship engagement into worthy organisations, notably as principal beer sponsor to the Westpac Rescue Helicopter TrustAnnual Charity Dinner, Annual Beer Sponsor to Woolston Brass for their 130th anniversary year, and principal beer sponsor for E Tipu, the biggest Food and Fibre event in NewZealand – all major events that were/ are to be held in the Christchurch Town Hall. The relationship has been very fair, open, communicative and rewarding from the out-set, and forms the backbone of a solid events and hospitality community in Canterbury that we hope will grow from strength to strength in the coming years.”

Peter Timb's Meats

Venues Ōtautahi procures all its beef, lamb, and poultry from local butchery Peter Timb's Meats. Peter Timbs Meatsis a long-standing family run butchery originally opened in Christchurch in 1978. The butchery focuses on the procurement and production of high-quality local beef, lamb, and poultry. With Venues Ōtautahi now requiring all proteins used across the venues to be sourced from within Canter- bury, this has seen Peter Timbs Meats refine its own procurement policy to sourcing solely from the region.

During the Covid-19 lockdown of March 2020 Venues Ōtautahi also supported Peter Timbs to produce pre-prepared cooked meals allowing Peter Timbs Meats to continue to operate and gain revenue throughout the lock down period utilising this new and ultimately successful business model. Peter Timbs is now using this model to develop business opportunities outside of their core business on an ongoing basis.

THE OPPORTUNITY

CANTERBURY MULTI-USE ARENA

The Canterbury Multi Use Arena (CMUA) as the last of the Central City Anchor Projects symbolises one of the final stages of post-Earthquake recovery for the region and is going to be a stunning venue and one that will deliver significant social, cultural, and economic benefit to the region.

As the operator of the CMUA, Venues Ōtautahi have had intensive engagement in this project, especially over the last year as the concept and preliminary design phases ramped up.

The impacts of the devastating Earthquakes of 2010 and 2011 on community venues owned and managed by Venues Ōtautahi, notably Lancaster Park, the Christchurch Convention Centre and before its celebratory return, the Christchurch Town Hall for Performing Arts, has meant the region for some time has been at a competitive disadvantage with many events traditionally secured across these venues diverting to Dunedin or Wellington.

The CMUA is a venue long awaited by the people of Canterbury and is one that presents real opportunity. With the commercial strategy for the venue in early stages of development, the significance of the social, cultural, and economic benefit the venue will deliver for the region is certainly apparent. With an ever-changing event and technology landscape there is the opportunity to build an asset for the future landscape. The CMUA will be ahead of all other venues in New Zealand and the Southern Hemisphere and as such, the region will be at a genuine competitive advantage in securing top quality events that will deliver positive regional benefit.

The CMUA as a multi-use, covered arena built with the future of events in mind will be an attractive proposition for various sporting codes, promoters, exhibitors, corporates, e-sport tournament organisers, conference organisers and community groups. This and the uniquely local positioning of the venue will set it apart.

The CMUA will be a venue for the community to be proud. It will celebrate everything wonderful about our region and will do on the world stage. It will activate and connect this part of the city and the surrounding precinct will bring heart, life, and warmth to the external facing part of the venue.

May 2021 saw the kick-off of the 11-week concept design sprint for the Canterbury Multi Use Arena (CMUA). The CMUA as the last of the Central City Anchor Projects symbolises one of the final stages of post-Earthquake recovery for the region and is going to be a stunning venue and one that will deliver significant social, cultural, and economic benefit to the region.

Venues Ōtautahi has already and will bring the operational and commercial expertise to the CMUA design process needed to make it successful and will do so in a uniquely local way always with the community in mind. The opportunity is now, and it is so close. We can’t wait.

BUSINESS AND FINANCIAL OVERVIEW

Despite the challenging Covid-19 environment, Venues Ōtautahi's financial performance exceeded expectations, mainly due to excellent expenditure control and also ensuring that optimum results were achieved during those periods where more normal event operations were possible.

Venues Ōtautahi's mission is to attract, plan and deliver events and take care of the venues in a sustainable, commercially prudent manner with the aim that the economic, social and cultural benefits deliver a compelling return on investment relative to the whole of life costs of developing, maintaining and operating the venues.

For the year ended 30 June 2021, the Company had a net deficit after tax of $6.2 million (2020: surplus $4.8 million).

Financial results summary as follows:

Event revenues were $11.5 million compared to $10 million last year. Operating and personnel expenses were $14.6 million compared to $18.7 million last year with a reduction in costs representative of the repositioning of the business to a leaner, more agile variable cost model.

The deficit when compared to the prior year reflects several one-off items in the 2020 financial year, including the revaluation of assets and impairment reversal of $16.2 million and repair costs of $2.4 million relating to the Christchurch Town Hall.

The net operating profit for the year ended 30 June 2021 was $1.1million (2020: deficit $3 million).

This positive performance for the financial year is compared against a budget prepared during Covid-19 Alert Level 4 with the uncertainty and volatility that existed and was forecast to remain in the business at that time.

	2021 **$000**	**2020** **$000**
Operating revenue	15,746	15,635
Operating expenses	14,616	18,687
Net operating surlpus/(deficit)	1,130	(3,052)
Other revenue	-	16,248
Other expenses	(9,541)	(13,480)
Operating surlpus/(deficit) before tax	(8,411)	(284)
Income tax income from operations	2,204	5,123
Net surplus/(deficit)	(6,207)	4,839

The company received Council operational grants of $2.5 million during the 2021 financial year, a reduction of $0.75 million on the previous year (2020: $3.25 million). In October 2020 Council issued $10 million ordinary shares for costs associated with the Christchurch Town Hall restoration and repair project.

Operating cashflows were positive at $0.8 million for the year compared to negative $1.3 million in the previous year.

For and on behalf of the Board.

______________________________	30 November 2021
DIRECTOR	**DATE**
______________________________	30 November 2021
DIRECTOR	**DATE**

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 $000	2020 $000
Revenue	1a	15,746	15,635
Expenses	1b	8,725	13,707
Personnel costs	1c	5,891	4,980
Surplus/(deficit) before other expenses and income tax expense		1,130	(3,052)
Other revenue			
Revaluation of property, plant & equipment		-	3,702
Impairment reversal on property, plant & equipment		-	12,546
Total other revenue		-	16,248
Other expenses			
Depreciation and amortisation	7 & 8	8,233	9,659
Finance costs		1,154	1,140
Transition costs		21	272
Town Hall repair costs		-	2,405
Loss on disposal of assets		133	4
Total other expenses		9,541	13,480
Surplus/(deficit) before income tax expense from operations		(8,411)	(284)
Income tax income from operations	2a	2,204	5,123
Surplus/(deficit) from operations for the year		(6,207)	4,839
Other comprehensive revenue and expense			
Net movement on property valuations		-	20,194
Deferred tax movement taken to revaluation reserve		-	(5,654)
Total other comprehensive revenue and expense from operations		-	14,540
Total comprehensive revenue and expense		(6,207)	19,379

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2021

	Capital $000	Asset revaluation Reserve $000	Accumulated surpluses / (deficits) $000	Total $000
Balance at 1 July 2019	234,636	-	(73,023)	161,613
Total comprehensive revenue and expense for the period				
Surplus/(Deficit) for the year	-	-	4,839	4,839
Other comprehensive revenue and expense, net of revenue and expense tax				
Net movement on property valuations	-	20,194	-	20,194
Deferred tax movement taken to revaluation reserve	-	(5,654)	-	(5,654)
Total comprehensive revenue and expense for the year	-	14,540	4,839	19,379
Balance at 30 June 2020	234,636	14,540	(68,184)	180,992
Total comprehensive revenue and expense for the period				
Surplus/(Deficit) for the year	-	-	(6,207)	(6,207)
Total comprehensive revenue and expense for the year	-	-	(6,207)	(6,251)
Transactions with owners, recorded directly in equity				
Share issue - ordinary shares	10,000	-	-	10,000
Total contributions by, and distributions to, owners	10,000	-	-	10,000
Balance at 30 June 2021	244,636	14,540	(74,391)	184,785

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

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	Note	2021 $000	2020 $000
Current assets			
Cash and cash equivalents	16	7,214	9,274
Trade and other receivables	3a	720	564
Other financial assets	4	2,000	2,000
Inventories	5	324	227
Other current assets	6	87	83
Total current assets		10,345	12,148
Non-current assets			
Property, plant & equipment	7	213,675	220,003
Intangible assets	8	171	53
Deferred tax assets	2d	11,799	10,095
Total non-current assets		225,645	230,151
Total assets		235,991	242,299
Current liabilities			
Trade and other payables	9a	2,693	12,078
Employee entitlements	10	561	637
Current tax payables	2b	1,031	1,031
Total current liabilities		4,285	13,746
Non-current liabilities			
Trade and other payables	9b	1,914	2,054
Borrowings	11	15,885	15,885
Deferred tax liabilities	2d	29,122	29,622
Total liabilities		51,206	61,307
Net assets		184,785	180,992
Equity			
Capital and other equity instruments	12	244,636	234,636
Asset revaluation reserve		14,540	14,540
Accumulated surpluses/(deficits)		(74,391)	(68,184)
Total equity		184,785	180,992

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

For and on behalf of the Board

	30 November 2021		30 November 2021
DIRECTOR	DATE	DIRECTOR	DATE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 $000	2020 $000
Cash flows from operating activities			
Receipts from customers		12,031	10,641
Subvention received		-	1,806
Council operating grant		2,500	3,250
Government wage subsidy and resurgence support payment		907	2,317
Payments to suppliers and employees		(14,593)	(19,335)
Net GST movement		(26)	(66)
Net cash provided by (used in) operating activities	16	**819**	**(1,387)**
Cash flows from investing activities			
Purchase of investments		(10,000)	(2,000)
Pre-paid lease rental revenue		268	1,290
Payment for property, plant & equipment		(12,039)	(3,671)
Interest received		33	782
Sale of property, plant & equipment		13	11
Maturity of investments		10,000	4,539
Net cash provided by (used in) investing activities		**(11,725)**	**951**
Cash flows from financing activities			
Proceeds from issues of equity securities		10,000	-
Interest and other finance costs paid to related party		(1,154)	(1,140)
Loan advances from related party		-	1,400
Net cash provided by (used in) financing activities		**8,846**	**260**
Net increase in cash and cash equivalents		**(2,060)**	**(176)**
Cash and cash equivalents at beginning of year		9,274	9,450
Cash and cash equivalents at end of year		**7,214**	**9,274**

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

STATEMENT OF SERVICE PERFORMANCE

OBJECTIVE & STRATEGY		
PERFORMANCE MEASURE	2020/2021	PROGRESS AS AT 30 June 2021
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 6 major ticketed events at Venues Ōtautahi venues[1] 'Events Economics Tool' used to estimate visitor spending on a sample of major events	Venues Ōtautahi exceeded this performance measure and hosted 8 major events including Crowded House and The Wiggles at the Christchurch Arena; Black Caps v Australia T20, Black Caps vs Pakistan Test, Black Caps vs Bangladesh ODI and Black Clash at Hagley Oval and Van Gogh Alive at the Air Force Museum. The 'Events Economics Tool' has been used to estimate the economic impact of ticketed events, in addition to validated information provided by ChristchurchNZ for a number of events. Based on both tools the estimated economic impact in FY20/21 of ticketed events hosted in Venues Ōtautahi venues, despite the impacts of Covid-19, delivered an estimated direct economic benefit of around $14m to the region
Grow catering contribution through enhanced procurement	Implement a local procurement strategy whereby regional[2] sourced products and suppliers are prioritised where it is commercially viable	Implementation of celebrate and source local food and beverage procurement strategy complete. Beverage – 61% Canterbury, 10% South Island, 25% North Island, 4% International Food – 83% Canterbury, 4% South Island, 6% North Island, 7% International Prior to April 2020, 30% of Venues Ōtautahi products were imported, 50% were from the North Island and only 5% were from the Canterbury region. With commercial viability underpinning the strategy, significant cost savings have been achieved. In 2019 the Company had an average food and beverage cost of goods sold of 43%. This has reduced by over 10% as a result of changing to a local procurement model. On this basis, year to date growth in catering contribution achieved.

Social and Cultural Impact		
Maximise attendance at Venues Ōtautahi venues which contributes to a Liveable City and Strong Community as is defined under the Council strategic framework outcomes	Guests to venues exceed 370,000	Venues Ōtautahi exceeded this performance target with 499,350[3] guests attending over 272 events in FY20/21.
Develop and implement a prioritisation framework to reflect non-discretionary community benefit events.	Prioritisation framework completed	Prioritisation framework performance target is under review with the shareholder
Make venues available to support local cultural, not for profit and charitable organisations	At least 30 events receive the local cultural rate	Venues Ōtautahi exceeded this performance target and delivered 45 community events in FY20/21 across the venue portfolio. This equated to $120k of discounted support for local community individuals and groups.
Client and Guest Experience		
Client Net Promoter Score (NPS[4])	Achieve greater than 40 NPS[4] during the year	Venues Ōtautahi exceeded this performance target with a client Net Promoter Score of 67 based on 46 responses during the financial year
Guest NPS[4]	Achieve greater than 40 NPS[4] during the year	Venues Ōtautahi has obtained guest survey responses during the 2021 financial year. The guest Net Promoter Score is 43 for the financial year., A review of the current questions is currently in progress for the 2022 financial year to ensure alignment with the Company's strategic framework with quarterly measurements to be provided from Q2 FY21/22.
People and Relationships		
Employee NPS[4]	Develop a baseline employee NPS[4]	Venues Ōtautahi has undertaken people pulse check and/or employee engagement surveys on an annual basis with the last survey completed in January 2021. The framework has been developed to convert this information into a Net Promoter Score with quarterly measurements from Q2 FY21/22 using the same platform, and an achievement of greater than 40 NPS, as that in place for the Client and Guest NPS. The intention will be to increase the regularity of people pulse checks to a minimum of six-monthly.
Key business partner NPS[4]	Develop a baseline key business partner NPS[4]	Significant work has been undertaken over FY21 to develop even stronger relationships with Venues Ōtautahi key business partners. This has and remains a core strategic priority. NPS measures on hold while we explore alternative and more meaningful means of measuring key business partnership relationships.

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 Asset Management Plan has been reviewed and tracking up to date. Savings have been achieved on the works completed over the summer period for Stage three of the Christchurch Arena. The gutter repair at the Christchurch Arena has been deferred to FY21/22 due to work not able to be progressed in the winter months.
Health, Safety and Wellbeing		
Maintain a comprehensive health, safety and wellbeing strategy	Develop and implement a health, safety and wellbeing strategy	The strategic framework for Health, Safety and Wellbeing has been developed with comprehensive strategy documentation being finalised in line with the presentation of the draft FY22-24 Venues Ōtautahi business plan. The strategic framework for Health, Safety and Wellness is a three-pillar approach with a focus on Culture, Risk Management underpinned by robust Systems. The Venues Ōtautahi approach to wellness is based on the Maori holistic model of health, Te Whare Tapa Wha, with the four dimensions that represent the walls of the Whare core to the strategic framework.
Minimise incidents for visitors	Develop a baseline of number of incidents per total attendees	Venues Ōtautahi has zero appetite as a baseline for critical risk incidents involving visitors to Venues Ōtautahi venues. Incident reporting and action workflow tracking process in this regard are well established and are reported to the Venues Ōtautahi board on a monthly basis. Critical risk reporting will remain a focus with other operational performance targets going forward being repositioned to a focus on lead indicators.
Sustainability		
Contribute to reducing the City's carbon footprint	Develop and implement a sustainability policy and strategy and benchmark carbon footprint target	Venues Ōtautahi is committed to contributing to the reduction of the City's carbon footprint with operational sustainability initiatives well established and a target for FY21/22 to continue to reduce water, waste, and carbon usage across the venues. Operational sustainability initiatives include the Company's approach to waste management, consumables, packaging and ethical sourcing of food and beverage. Sustainability is also built into the Company's procurement policy as a fundamental criterion. Building sustainability and a focus on reduction/elimination of fossil fuels, reduction in water and waste is a priority for FY21/22 with an ultimate carbon zero outcome by FY25/26.

Governance		
Report to Shareholder	Meet all Local Government Act (LGA) and Council reporting deadlines.	Target Met

1 Major Events are defined as follows:
Arena: Event attendance > 5000
Orangetheory Stadium: Ticketed events other than Super Rugby and NPC games
Hagley Oval: International cricket or large ticketed matches such as the Black Clash

2 Regional is Christchurch and Canterbury. This can include National or International suppliers if their point of origin is Canterbury.

3 The visitor numbers include events such as concerts and sports (ticketed events), dinners, conferences, expo's and trade shows (unticketed events). Visitor numbers for expo's and trade shows are captured using a clicker system at the entry point to the venue. Total visitor numbers to expo's and trade shows for 2020/2021 were 96,364. A new control, which includes an event sign off form, was introduced in May 2021 to provide appropriate support for the attendance numbers, as this control was not in place for the full year the audit opinion qualification from 2019/20 remains.

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

Impact of Covid-19
Covid-19 continued to challenge the business throughout the 2021 financial year.

Following the decimation of the events industry and associated hospitality, travel, and tourism sectors in March 2020, the volatility in the Covid-19 environment made consistency and steadiness of recovery challenging.

Community resurgence of Covid-19 in August 2020 and again in February 2021 resulted in limited or no event revenue during Alert Level 2, with protocols on visitor numbers and social distancing requirements across the venue portfolio. The alert level changes during the year meant 62 confirmed events were cancelled or postponed as a result of Covid-19.

The significant changes made in mid-2020 to ensure Venues Ōtautahi survival and recovery has meant the Company is now lean and agile and responsive in the current Covid-19 environment.

Covid-19 for all its challenges was a catalyst for changes to the business that have ensured the Company's ability to weather the storm of Covid-19 and will be fundamental to the company's future success.

Venues Ōtautahi continues to monitor the impact of Covid-19 and at the time of issuing the financial statements had not identified any material risk to the company's ability to continue as a going concern.

FINANCIAL PERFORMANCE TARGETS

Full year performance against target

	2021 Actual	2021 Target	Variance
	$000	**$000**	**$000**
Direct operating income	10,859	9,095	1,764
Grant revenue received from Council	1,500	1,500	-
Government wage subsidy	944	709	235
Less: Direct operating expenses	9,361	9,538	177
Less: Net operating overheads and fixed costs	4,184	4,153	(31)
EBITDA	(241)	(2,387)	2,146

This positive performance for the financial year is compared against a budget prepared during Covid-19 Alert Level 4 with the uncertainty and volatility that existed and was forecast to remain in the business at that time.

The Covid-19 environment remains volatile, for example, the recent return to Alert level 2 from 28 February to 6 March 2021 resulted in a 60% reduction in revenue with the postponement of four events and to meet all Covid-19 requirements, a significantly reduced capacity available at Van Gogh Alive.

The financial implications of the decision, made in April 2020, to bring catering in-house exceeded initial expectations from those anticipated when the budget for 2021 was prepared. This change has had a significant positive impact on the Venues Ōtautahi business and on the Canterbury region with the company implementing a local procurement strategy where commercially viable.

RATIO OF SHAREHOLDERS FUNDS TO TOTAL ASSETS

The ratio of shareholders' funds to total assets is:

Actual	Target
78%	81%

THE CAPITAL STRUCTURE

	Actual $000	Target $000	Variance $000
Issued shares and other equity instruments	244,636	242,892	(1,744)
Debt	15,885	15,885	-
Total assets	235,991	207,008	28,983

On 20 October 2020 the Board resolved to issue ordinary shares as detailed in Note 12 *Capital and Other Equity Instruments*

The positive variance of total assets against target relates to the building valuation net increase in June 2020 ($23.9 million) and higher cash and cash equivalents at balance date.

	Actual $000	Target $000	Variance $000
Facilities repair/rebuild			
Asset Management Plan	1,558	2,714	1,156
Operational Equipment	379	580	201
	1,937	3,294	1,357

Savings have been achieved on the works completed over the summer period for Stage three at the Christchurch Arena. The gutter repair at the Christchurch Arena has been deferred to FY21/22 due to work not able to be progressed in the winter months.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

1 PROFIT FROM OPERATIONS

1a Revenue

	2021 $000	2020 $000
Rendering of services	11,565	9,970
Interest revenue:		
Bank deposits	17	70
Related parties	-	127
Total interest revenue	17	197
Other revenue:		
Rental revenue	225	214
Government wage subsidy and resurgence support payment	1,257	1,967
Council operating grant	2,500	3,250
Profit on disposals of assets	40	13
Donated / vested assets	-	13
Other revenue	142	11
Total other revenue	4,164	5,468
Total revenue	15,746	15,635

1b Operating expenses

	2021 $000	2020 $000
Operating expenses:		
Operating lease expenses - minimum lease payments	238	232
Food and beverage expenses	2,195	5,431
Management fee	89	1,926
Directors Fees	88	57
Audit fees	65	63
Audit fee relating to the previous financial year	31	-
Other expenses	6,019	5,997
Total operating expenses	8,725	13,706

1c Personnel costs

	2021 $000	2020 $000
Personnel costs:		
Salaries and wages	5,838	4,255
Defined contribution plan employer contributions	129	88
(Decrease)/increase in employee entitlements	(76)	637
Total personnel costs	5,891	4,980

Salaries and wages contain severance payments of $0.01million for the year. (2020: $0.74 million).

2 INCOME TAXES

2a Income tax recognised in profit or loss

	2021 $000	2020 $000
Tax expense income comprises:		
Current tax (income)	-	1,031
Adjustments to current tax in prior years	-	(1,337)
Adjustments recognised in current year in relation to the deferred tax of prior years	150	-
Deferred tax relating to temporary differences	(2,354)	(4,816)
Total tax income on operations	(2,204)	(5,122)

Reconciliation of prima facie income tax:

	2021 $000	2020 $000
Surplus/(deficit) from operations	(8,411)	(283)
Income tax income calculated at 28%	(2,355)	(79)
Non-deductible expenses:		
Entertainment	1	2
Legal expenses	-	4
Reinstatement of building structure tax base	-	(5,047)
Accounting (gain) / loss on sale of assets	-	(2)
Over provision of previous year's income tax	150	-
Income tax income from operations	(2,204)	(5,122)

2b Current tax assets and liabilities

	2021 $000	2020 $000
Current tax payables:		
Income tax payable	1,031	1,031
Total current tax liability	1,031	1,031

2c Imputation credit account balances

There are no imputation credits available for use in subsequent periods (2020: nil)

2 INCOME TAXES (CONT)

2d Deferred tax balances

Taxable and deductible temporary differences arise from the following:

Year ended 30 June 2021	Opening balance	Adjustment to opening balance	Charged to income	Charged to other comprehensive income	Amalgamation	Closing balance
	$000	$000	$000	$000	$000	$000
Deferred tax liabilities:						
Property, plant & equipment	26,947	67	(567)	-	-	26,447
Earthquake recoveries and other items	2,675	-	-	-	-	2,675
Total deferred tax liabilities	29,622	67	(567)	-	-	29,122
Deferred tax assets:						
Provisions	8	141	(28)	-		121
Losses carried forward	10,087	(224)	1,815	-	-	11,678
Total deferred tax assets	10,095	(83)	1,787	-	-	11,799
Net deferred tax liability/(asset) balance	19,527	150	(2,354)	-	-	17,323

Year ended 30 June 2020	Opening balance	Adjustment to opening balance	Charged to income	Charged to other comprehensive income	Amalgamation	Closing balance
	$000	$000	$000	$000	$000	$000
Deferred tax liabilities:						
Property, plant & equipment	7,157	-	14,136	5,654	-	26,947
Earthquake recoveries and other items	15,533	-	(12,858)	-	-	2,675
Total deferred tax liabilities	22,690	-	1,278	5,654	-	29,622
Deferred tax assets:						
Provisions	13	-	(5)	-		8
Losses carried forward	3,988	(1,337)	7,436	-	-	10,087
Total deferred tax assets	4,001	(1,337)	7,431	-	-	10,095
Net deferred tax liability/(asset) balance	18,689	1,337	(6,153)	5,654	271	19,527

3 TRADE AND OTHER RECEIVABLES

3a Current trade receivables

		2021 $000	2020 $000
Exchange transactions			
Trade receivables		472	350
Provision for impairment	3c	-	-
Net trade receivables		472	350
Exchange transactions other receivables		161	30
Exchange transactions related party other receivables		-	-
Total exchange receivables		633	380
Non-exchange transactions			
Non exchange transactions related party other receivables		70	154
GST receivable		17	30
Total non-exchange receivables		87	184
Total current trade and other receivables		720	564

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 2021 and 2020 are detailed below:

	2021 $000			2020 $000		
	Gross $000	Impairment $000	Net $000	Gross $000	Impairment $000	Net $000
Not past due	462	-	462	235	-	235
Past due 31 - 120 days	10	-	10	115	-	115
Past due 91 - 120 days	-	-	-	-	-	-
Past due > 120 days	-	-	-	-	-	-
Total	472	-	472	350	-	350

The carrying value of receivables that would otherwise be past due or impaired whose terms have been renegotiated, amount to nil (2020: nil).

3c Current trade receivables impairment movement

	2021 $000	2020 $000
Individual impairment	-	-
Total impairment	-	-

	2021 $000	2020 $000
Movement in provision for impairment		
As at 1 July	-	(17)
Additional provisions made during the year	(2)	(5)
Provisions reversed during the year	1	17
Receivables written off during the year	1	5
Balance at 30 June	-	-

The expected credit loss rates for receivables at 30 June 2021 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

	2021 $000	2020 $000
Term deposits	2,000	2,000
Total other current financial assets	2,000	2,000

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

5 CURRENT INVENTORIES

	2021 $000	2020 $000
Inventory held to be consumed in the rendering of services	324	227
Total current inventories	324	227

No inventories are pledged as security for liabilities (2020: nil). There was no write-down of inventories (2020: nil).

6 OTHER CURRENT ASSETS

	2021 $000	2020 $000
Prepayments	87	83
Total other current assets	87	83

7 PROPERTY, PLANT & EQUIPMENT

	Buildings (fair value) $000	WIP assets $000	Plant & equipment (cost) $000	Total $000
Gross carrying amount:				
Balance at 1 July 2019	200,930	18,304	11,985	231,219
Additions	3,967	1,220	1,468	6,655
Disposals	(9)	-	(24)	(33)
Town Hall repairs	-	(2,405)	-	(2,405)
Net revaluation	(5,742)	-	-	(5,742)
Transfer between asset class	15,912	(15,912)	-	-
Balance at 30 June 2020	215,058	1,207	13,429	229,694
Additions	129	1,676	187	1,993
Disposals	(6)	-	(2,913)	(2,919)
Transfer between asset class	2,000	(2,000)	-	-
Balance at 30 June 2021	217,182	883	10,703	228,768
Accumulated depreciation and impairment:				
Balance at 1 July 2019	(33,830)	-	(8,462)	(42,292)
Disposals	9	-	19	28
Depreciation expense	(8,441)	-	(1,170)	(9,611)
Impairment reversal on PPE	12,546	-	-	12,546
Reversed on revaluation	29,638	-	-	29,638
Balance at 30 June 2020	(78)	-	(9,613)	(9,691)
Disposals	2	-	2,786	2,788
Depreciation expense	(7,397)	-	(793)	(8,190)
Balance at 30 June 2021	(7,473)	-	(7,620)	(15,093)
Net book value as at 30 June 2020	214,980	1,207	3,816	220,003
Net book value as at 30 June 2021	209,709	883	3,084	213,675

Valuation

The 2020 buildings total consists of the Town Hall, Arena and other building leasehold improvements.

The Arena and Town Hall were valued at 30 June 2020 by an independent registered valuer, Bayleys Valuations Limited in accordance with PBE IPSAS 17.

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

WIP assets are valued at historical cost and consist of costs associated with the Christchurch Arena roof strengthening.

The $2 million transfer of assets from WIP to buildings relates to the completion of the Arena Technology Solution and Diesel Line Replacement.

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

8 INTANGIBLE ASSETS

	2021 $000	2020 $000
Gross carrying amount:		
Opening balance	1,048	1,036
Additions	161	12
Closing gross carrying amount balance	1,209	1,048
Accumulated amortisation and impairment:		
Opening balance	(995)	(947)
Amortisation expense	(43)	(48)
Closing accumulated amortisation and impairment balance	(1,038)	(995)
Total intangible assets	171	53

9 TRADE AND OTHER PAYABLES

9a Current trade and other payables

	2021 $000	2020 $000
Exchange transactions		
Trade payables	1,097	1,099
Owing to related parties	524	9,883
Income in advance	1,072	1,096
Current trade and other payables from exchange transactions	2,693	12,078
Total current trade and other payables	2,693	12,078

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

9b Non-current trade and other payables

	2021 $000	2020 $000
Exchange transactions		
Income in advance	1,914	2,054
Non-current trade and other payables from exchange transactions	1,914	2,054
Total non-current trade and other payables	1,914	2,054

10 EMPLOYEE ENTITLEMENTS

	2021 $000	2020 $000
Employee Entitlements		
Accrued salaries and wages	133	360
Annual leave	348	210
Long service leave	18	14
Sick leave	30	30
Lieu time and other leave	31	22
Service allowance	1	1
Total employee entitlements	561	637

11 BORROWINGS

	2021 $000	2020 $000
Unsecured:		
Loan from related party - Council	15,885	15,885
Total non-current borrowings	15,885	15,885

The fair value of the non-current borrowing of the Company is $19,301,512 (2020: $19,304,736) based on cash flows discounted using the market borrowing rate of 3.96% (2020: 4.25%).

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 2021 is 7.27% (2020: 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.

	2021 $000	2020 $000
Capital and other equity instruments		
Fully paid ordinary shares	155,136	145,136
Fully paid A redeemable preference shares	89,500	89,500
Balance at end of financial year	244,636	234,636
Fully paid ordinary shares		
Balance at beginning of financial year	145,136	145,136
Share issue	10,000	-
Balance at end of financial year	155,136	145,136

On 20 October 2020 the Board resolved to issue $10 million ordinary shares for the Christchurch Town Hall renovation costs of $9.8 million for the period 1 June 2019 to 30 September 2020.

13 CAPITAL COMMITMENTS

The Company does not have any capital commitments at balance date (2020: $1.96 million).

14 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent Assets

The 2020 and 2021 accounts exclude a 2018 tax return deduction of approximately $11.5 million in relation to a land lease surrendered to Council during the 2018 financial year. At this stage it is unclear whether the deduction meets the probability threshold for financial reporting purposes. As a result, the deduction has not been recognised in the calculation of the tax balances of the Company. If the tax impact of the intangible asset were to be recognised there would be an increase in the deferred tax asset and a decrease in tax expense of $3.22 million. Also refer to critical judgements, estimates and assumptions under accounting policies. There are no other material contingent assets as at 30 June 2021.

There are no material contingent liabilities for the Company as at 30 June 2021 (2020: nil).

15 EVENTS AFTER BALANCE DATE

New Zealand entered Alert Level 4 on 18 August 2021 due to an outbreak of the Delta variant in Auckland the previous day. During August 2021 Venues Ōtautahi applied for the Government's "Covid-19 Wage Subsidy August 2021" along with the Inland Revenue "Resurgence Support Payment". As at 26 November 2021 the company has received $1,258,042 for the wage subsidy since the alert level change in August 2021 (2021: $888,665).

There are no other 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 2021.

16 NOTES TO THE CASH FLOW STATEMENT

	2021	2020
	$000	$000
Cash and cash equivalents		
Cash on hand	5,214	7,274
Call and term deposits	2,000	2,000
Total cash and cash equivalents	7,214	9,274

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

Surplus / (deficit) for the period from operations	(6,207)	4,839
Non cash items		
Depreciation and amortisation of non-current assets	8,233	9,659
Town Hall repair expenses	-	2,405
Movement in deferred tax	(2,204)	(4,816)
Impairment reversal of property, plant & equipment	-	(12,546)
Revaluation of property, plant & equipment	-	(3,702)
Items classified as investing / financing activities		
Movement in capital creditors	9,910	(2,993)
Gain on disposal of property, plant & equipment	(40)	(13)
Loss on disposal of property, plant & equipment	133	4
Interest revenue received	(33)	(782)
Finance and interest costs paid	1,154	1,140
Pre-paid lease rental revenue	(268)	(1,290)
Movement in working capital		
(Decrease) / increase in creditors	(9,115)	3,589
(Increase) / decrease in receivables	(647)	1,537
Increase / (decrease) in income tax	-	1,500
Decrease / (increase) in inventory	(97)	82
Net cash from operating activities	819	(1,387)

17 RELATED PARTY TRANSACTIONS

The Council is the ultimate controlling party of the Company.

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

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

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

Related Party Transactions required to be disclosed.

Council employed all staff up until 31 October 2019. At this date all staff, except for the staff directly involved in the finance function, were transferred over to Venues Ōtautahi employment agreements. The management services agreement for the finance function was also terminated on 30 November 2020. All costs associated to staff working under Council employment agreements are represented in the management fee in the below table.

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

	2021 $000	2020 $000
Non-arms length revenue from related parties:		
Subvention payments received from Council group entities	-	1,806
Building lease rental top-up received from Council	154	154
Council operating grant	2,500	3,250
Event contribution from ChristchurchNZ	25	30
Total receipts / receivables from related parties	2,679	5,240
Non-arms length costs incurred with related parties:		
Lease of Town Hall land from the Council	105	79
Management fee paid to Council	89	1,926
Total non-arms length costs incurred with related parties:	194	2,005
Year end balances (inclusive of GST)		
Accounts payable and payment accruals to Council	-	41
Accounts receivable from Council	70	154

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.

Key management personnel of the Company have interests in other entities that transact with Company members.

No provision has been required, nor any expense recognised, for impairment of receivables from related parties (2020: nil).

18 KEY MANAGEMENT REMUNERATION

The Company obtained key management service personnel as part of the management services provided from Council, for the period up to 31 October 2019. From 1 November 2019 all key management service personnel transferred to Venues Ōtautahi employment contracts.

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

	2021 $000	2020 $000
Directors		
Full -time equivalent members	4	3
Remuneration	88	58
Senior management team, including service contracts and consultants		
Full -time equivalent members	5	6
Remuneration - employment contracts	648	605
Remuneration - service contracts and consultants	293	507
Total full-time equivalent personnel	9	9
Total key management personnel renumeration	1,029	1,170

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:

	2021 $000	2020 $000
No later than one year	379	376
Later than one year and not later than five years	1,015	1,151
Later than five years	3,576	3,754
Total non-cancellable operating lease commitments	4,970	5,281

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 in 31 March 2043, with a right of renewal of 10 years in place. The future aggregate minimum lease receivables under this lease are:

	2021 $000	2020 $000
No later than one year	91	91
Later than one year and not later than five years	364	364
Later than five years	1,524	1,615
Total non-cancellable operating leases as lessor	1,979	2,070

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

20 FINANCIAL RISK MANAGMENT

Financial instrument risk

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

Credit risk management

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

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

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

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

Liquidity risk management

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

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

Interest rate sensitivity analysis

The Company is not sensitive to movements in interest rates in respect of its borrowing obligations as all the borrowings are fixed. The Company entered a portion of surplus cash into fixed term deposits. Accordingly, a 1% movement either way on cash and term deposit balances would have the effect of increasing / decreasing the Company's profit before tax by $118,642 or $73,186 after tax (2020: $98.,528 before tax, $70,940k 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:

	2021 $000	**2020** **$000**
Counterparties with credit ratings		
Cash at bank and bank term deposits		
AA-	9,214	11,274
Total cash at bank and term deposits	9,214	11,274
Debtors and other receivables		
Related parties receivables (AA-)	70	154
Existing counterparty with no defaults in the past	633	380
Total debtors and other receivables	703	534

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 2021 or 2020.

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

Classification of financial instruments (cont)

2020	Loans & receivables $000	Other amortised cost $000	Total carrying amount $000
Financial assets			
Cash and cash equivalents	9,274	-	9,274
Trade and other receivables	380	-	380
Other financial assets	2,000	-	2,000
Related party receivables	154	-	154
Total financial assets	11,808	-	11,808
Financial liabilities			
Trade and other payables	-	1,099	1,099
Other (related party)	-	9,883	9,883
Borrowings		15,885	15,885
Total financial liabilities	-	26,867	26,867

Contractual maturity analysis

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

Other financial assets and cash and cash equivalents contractual cash flows include interest receivable of $8,699 under the term deposits entered into (2020: $22,553).

Contractual maturity analysis (cont)

As at 30 June 2020	Carrying amount	Contractual cashflows	Less than 1 year	1 - 2 years	3 - 5 years	More than 5 years
	$000	**$000**	**$000**	**$000**	**$000**	**$000**
Financial assets						
Cash and cash equivalents	9,274	9,283	9,283	-	-	-
Trade receivables	380	380	380	-	-	-
Other financial assets	2,000	2,013	2,013	-	-	-
Other (related party receivables)	154	154	154	-	-	-
Total financial assets	11,808	11,830	11,830	-	-	-
Financial liabilities						
Trade and other payables	(1,099)	(1,099)	(1,099)	-	-	-
Borrowings	(15,885)	(25,931)	(1,154)	(1,154)	(4,113)	(19,510)
Other (related party)	(9,883)	(9,883)	(9,883)	-	-	-
Total financial liabilities	(26,867)	(36,913)	(12,136)	(1,154)	(4,113)	(19,510)

21 CAPITAL MANAGEMENT

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

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

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

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

22 SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

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

The financial statements of the Company are for the year ended 30 June 2021. The financial statements were authorised for issue by the Board of Directors on 30 November 2021

a. Basis of financial statement preparation

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

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

Statement of Compliance

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

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

New Accounting standards and amendments adopted in the current year

Amendments to PBE IAS 12 Uncertainty over Income Tax Treatments
The amendment requires an entity to assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings. The amendment is effective for the year ending 30 June 2021.

An assessment of the impact due to the amendment is that the company will reflect the effect of uncertainty in determining its accounting tax position by estimating the tax receivable using the most likely amount which has been determined to be a contingent asset, disclosed in note 14.

Accounting standards and interpretations issued but not yet effective

The following new standards, interpretations and amendments which are relevant to the company and have been issued but are not yet effective as at 30 June 2021 are outlined below. The Company has not early adopted these standards and interpretations.

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

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

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

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

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

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

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

PBE IPSAS 41 Financial Instruments
This Standard, when applied, supersedes parts of *PBE IPSAS 29 Financial Instruments: Recognition and Measurement* and supersedes *PBE IFRS 9 Financial Instruments*. This standard is effective from the year ending 30 June 2023 and does not expect to have any material impact on the reporting requirements of the Company.

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

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

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

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

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

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

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

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

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

  Grants Received
  Council grants are used to fund the ongoing operating deficits and debt servicing costs of the Company. Council grant revenue is required in 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.

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

c. Personnel costs

Salaries and wages

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

Superannuation schemes

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

d. Financing costs

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

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

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

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

e. Tax

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

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

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

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

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

Impairment

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 amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised through surplus or deficit.

f. Trade and other receivables

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

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

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

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

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

Impairment of trade receivables
Trade 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 IFRS 9, which requires measurement of the loss allowance at an amount equal to lifetime expected credit losses.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

All employee entitlements are classified as a current liability.

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

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

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

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

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

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

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

q. Statement of Cash flows

The cash flow statement is prepared inclusive of GST.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- Management are required to exercise judgement in calculating provisions for doubtful debts.
- The Company's buildings are specialised and as such are valued at fair value using ODRC because no reliable market data is available for such buildings. The ODRC value is determined by an independent expert using a number of significant assumptions. The ODRC begins with assessing the current replacement cost or Modern Equivalent Asset of the assets as at the date of valuation less an allowance for all forms of functional obsolescence including physical and economic obsolescence to date and for any over-or under design. All types of obsolescence are measured by making comparisons between the subject asset and the asset of equal utility upon which the cost estimate is based and include assumptions on the assets useful life. The balance of the replacement cost less all forms of obsolescence and over design represents the fair value of the asset.
- Venues Ōtautahi Limited is a member of the Christchurch City Council Consolidated TaxGroup (Tax Group). The Tax Group filed its 2017/18 tax return in March 2019 and included the recognition of a permanent tax impact of the disposal of an intangible asset. As at balance date,this tax position has not been reviewed by Inland Revenue. Directors consider that until Inland Revenue completes a review of this position it is prudent to not recognise the impact of the disposal of the intangible asset in the 2020 or 2021 financial statements. If the tax impact of the disposal of the intangible asset were to be recognised there would be an increase in the deferred tax asset and a decrease in tax expense of $3.22 million.

WHERE ŌTAUTAHI COMES TOGETHER

DIRECTORY AND STATUTORY INFORMATION

Directors' interests during the year 30 June 2021

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	Civic Building Ltd (resigned 2 Mar 2017)
	Director	VBL One Ltd
	Director	ChristchurchNZ Ltd (resigned 5 Dec 2019)
	Director	ChristchurchNZ Holdings Ltd (resigned 5 Dec 2019)
	Trustee	Christchurch Operatic Incorporated
	Councillor	Christchurch City Council
Paul Munro	Director	CCHL (2) Ltd
(resigned 30 June 2021)	Director	CCHL (4) Ltd
	Director	CCHL (5) Ltd
	Director	Christchurch City Networks Ltd
	Director	Electricity Ashburton Ltd
	Director	Central Plains Water Ltd (resigned 28 Feb 2019)
	Director	Versatile Properties Ltd
	Director	Versatile Australia Holdings Ltd
	Director	Spanbild New Zealand Ltd
	Director	Spanbild Holdings Ltd
	Director	Portabuild (2007) Ltd
	Director	Spanbild Investments Ltd
	Director	Verve Apartments (General Partner) Ltd
	Director	Spanbild Projects Ltd
	Director	Enviro-Mark Solutions Ltd
	Director	Development Christchurch Ltd (appointed 1 Oct 2020)
	Director	McKenzie Balfour & Associates Ltd (appointed 9 Nov 2020)
	Chief Executive	Christchurch City Holdings Ltd
Bryan Pearson	Director	Anatomy Ltd
	Director	Ethique Ltd (resigned 6 Oct 2020)
	Executive Director	Bryan Pearson Ltd [Business Advisory and Investment]
	Executive Director	Bryan Pearson 2020 Ltd [Business Advisory and Investment]
	Chair	Lane Neave Lawyers
	Chair	St Andrew's Presbyterian College Board Of Governors Incorporated (resigned 1 Jul 2021)
	Trustee	The Christchurch Cancer Foundation
	Trustee	Henshaw Development Trust
	Advisor	Canterbury Multi Use Arena
	Shareholder	Antipodean Consumer Holdings Ltd
Brent Ford	Director	Ford Virtual CFO and Advisory Services Ltd
(appointed 30 July 2020)	Trustee	Nova Trust
	Trustee	St Bedes (resigned 31 Jan 2021)
	Trustee	Development West Coast
	Chair	Audit & Risk Committee for Development West Coast
	Director	Kilmarnock Enterprises Ltd (appointed 17 Nov 2020)
	Advisor	Apparel and Merchandising Solutions Ltd

DIRECTORS INSURANCE
The Company has directors' liability insurance for all Directors. Premiums to the value of $21,800 were paid in the 2021 year (2020: $22,575).

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

	2021	2020
Bryan Pearson	60,000	45,000
Brent Ford	27,500	
Caroline Harvie-Teare	-	5,000
Paul Lonsdale	-	8,242
Total Director remuneration	87,500	58,242

DIRECTORS AT 30 JUNE AND MOVEMENT DURING THE YEAR

Directors at 30 June 2021 are:

Bryan Pearson
Timothy Scandrett
Brent Ford

Brent Ford was appointed as a director on 30 July 2020

Paul Munro resigned as a director on 30 June 2021

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

DONATIONS
There were no Donations made by the Company during the year (2020: Nil).

REGISTERED OFFICE
81 Jack Hinton Drive
Christchurch

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	**2021**	**2020**
$100 - $110		2
$110 - $120	1	1
$120 - $130	1	
$130 - $140		1
$140 - $150		
$150 - $160	1	
$160 - $170	1	
$170 - $180	1	
Total Employees	5	4

DIVIDENDS
There have been no dividends declared for the 2021 financial year (2020: 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 2021 is:

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

Independent Auditor's Report

To the readers of Venues Ōtautahi Limited's financial statements and performance information for the year ended 30 June 2021

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.

We have audited:

- the financial statements of the company on pages 17 to 20 and 26 to 47, that comprise the statement of financial position as at 30 June 2021, 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 21 to 25.

Opinion

Unmodified opinion on the financial statements

In our opinion:

- the financial statements of the company on pages 17 to 20 and 26 to 47:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2021; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Accounting Reporting Standards.

Qualified opinion on the performance information

In our opinion, except for the possible effects of the matter described in the Basis for our qualified opinion section of our report, the performance information of the company on pages 21 to 25 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 2021.

Our audit was completed on 30 November 2021. This is the date at which our opinion is expressed.

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

Basis for our opinion

Insufficient evidence available to independently confirm the accuracy of attendance numbers for expos and trade shows

The company's performance information includes a performance measure on the number of guests to venues. As explained on page 24, the overall guest number includes guests to expos and trade shows which are unticketed events. Sufficient appropriate evidence was not available to support the number of guests to these events. There were no practicable alternative audit procedures we could apply to obtain satisfactory assurance over this performance measure and we were therefore unable to independently confirm whether the company's reported number of guests to venues was materially correct for the year ended 30 June 2021. Our opinion on this performance measure was also qualified for the 2020 performance year.

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

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

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

Emphasis of matter – Ongoing impact of Covid-19

Without further modifying our opinion, we draw attention to the disclosures about the significant ongoing impact that the Covid-19 pandemic is having on the company's operations as set out in note 15 on page 34 to the financial statements and the *Impact of Covid-19* note on page 24 of the performance information.

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

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

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

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

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

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

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

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

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

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

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

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- We evaluate the appropriateness of the reported performance information within the company's framework for reporting its performance.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

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

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 5 to 16, 49 and 50, 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