



**ChristchurchNZ™**

**ChristchurchNZ Limited  
Annual Report  
for the year ended 30 June 2018**

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## Directory

<b>Incorporated</b>	3 May 2017
<b>Reporting Entity</b>	ChristchurchNZ is a Council Controlled Organisation (CCO) that works to optimise the economic and social opportunities that tourism, major events, city promotion and economic development can bring to Christchurch and Canterbury.
<b>Business location</b>	Christchurch
<b>Registered office</b>	Level 3, 101 Cashel Street Christchurch
<b>Incorporation Number</b>	6277728
<b>Directors</b>	Dr T Arseneau (Chair) Mr SJ Barclay Mr PJ Bingham Ms K Colbin Cr T Scandrett Cr A Turner Mr R Van Bommel
<b>Shareholder</b>	ChristchurchNZ Holdings Limited 1,000 Total ordinary shares issued 1,000
<b>Independent Auditor</b>	Grant Thornton New Zealand Audit Partnership on behalf of the Auditor General
<b>Solicitor</b>	Alexander Paull Christchurch
<b>Banker</b>	Bank of New Zealand Christchurch

## Directors' responsibility statement

The Directors are responsible for the preparation, in accordance with New Zealand law and generally accepted accounting practice, of financial statements which present fairly the financial position of ChristchurchNZ Limited as at 30 June 2018 and the results of its operations and cash flows for the year ended on that date.

The Directors consider that to the best of their knowledge and belief the financial statements have been prepared using accounting policies appropriate to ChristchurchNZ circumstances, consistently applied and supported by reasonable and prudent judgements and estimates.

The Directors believe that to the best of their knowledge and belief proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of ChristchurchNZ Limited and facilitate compliance of the financial statements with the Financial Reporting Act 1993.

The Directors have responsibility for the maintenance of a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of financial reporting. The Directors consider that to the best of their knowledge and belief adequate steps have been taken to safeguard the assets of ChristchurchNZ and to prevent and detect fraud and other irregularities.

The Directors are pleased to present the company financial statements for the year ended 30 June 2018.

For and on behalf of the Directors.



Director

28 September 2018



Director

28 September 2018



## Independent Auditor's Report

### Audit

#### Grant Thornton New Zealand Audit Partnership

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### **To the readers of the ChristchurchNZ Limited's consolidated financial statements and statement of service performance for the year ended 30 June 2018**

The Auditor-General is the auditor of ChristchurchNZ Limited ("the company"). The Auditor-General has appointed me, Michael Stewart, using the staff and resources of Grant Thornton New Zealand Audit Partnership, to carry out the audit of the consolidated financial statements and statement of service performance of the company on his behalf.

### Opinion

We have audited:

- The consolidated financial statements of the company on pages 8 to 36, that comprise the statement of financial position as at 30 June 2018, the statement of comprehensive revenues and expenses, 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 statement of service performance of the company on page 37.

In our opinion:

- the financial statements of the company on pages 8 to 36:
  - present fairly the company's:
    - financial position as at 30 June 2018; and
    - financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand; and
- the performance information of the company on page 37 presents fairly, in all material respects, the company's actual performance compared against the performance targets and other measures by which performance was judged in relation to the company's objectives for the year ended 30 June 2018

#### Chartered Accountants

Grant Thornton (Christchurch), an independent member firm of Grant Thornton New Zealand.

Other independent member firms in Auckland, Wellington and Dunedin. Grant Thornton New Zealand is a member of Grant Thornton International.

Our audit was completed on 28 September 2018. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the performance information, we comment on other information and explain our independence.

### **Basis for opinion**

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

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

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

### **Responsibilities of the Board of Directors for the financial statements and the statement of service performance**

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 statement of service performance**

Our objectives are to obtain reasonable assurance about whether the financial statements and the statement of service performance, 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 statement of service performance.

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

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 statement of service performance, 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 statement of service performance 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 statement of service performance, including the disclosures, and whether the financial statements and the statement of service performance represent the underlying transactions and events in a manner that achieves fair presentation; and

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 arises from the Public Audit Act 2001.

### **Other information**

The Board of Directors are responsible for the other information. The other information comprises the information included on pages 2 to 3 and pages 42 to 45, but does not include the financial statements and the statement of service performance, and our auditor's report thereon.

Our opinion on the financial statements and the statement of service performance 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 statement of service performance, 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 statement of service

performance or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Independence**

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

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



Michael Stewart  
Grant Thornton New Zealand Audit Partnership  
On behalf of the Auditor-General  
Christchurch, New Zealand



**Consolidated statement of comprehensive revenue and expenses**

For the year ended 30 June 2018

	Note	Parent		Group*	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>Operating revenue</b>					
Christchurch City Council (CCC) funding		10,113	-	10,168	-
Other funding	8	3,232	-	3,258	-
Other income		1,260	-	1,255	-
Interest income	7	66	-	73	-
Other gains/(losses) on disposal of assets		(6)	-	(6)	-
<b>Total operating revenue</b>		<b>14,665</b>	<b>-</b>	<b>14,748</b>	<b>-</b>
<b>Operating expenditure</b>					
Project and service delivery costs		5,220	-	5,254	-
Employee remuneration and contractor costs		7,116	-	7,116	-
Overheads and administrative expenses		1,763	-	1,774	-
Premises rental and other leasing costs		577	-	577	-
Depreciation and amortisation expense	14,15	529	-	529	-
Impairment		-	-	2,027	-
<b>Total operating expenditure</b>		<b>15,205</b>	<b>-</b>	<b>17,277</b>	<b>-</b>
Loss on net assets vested	4	-	-	(6,255)	-
Share of associate's surplus/(deficit)		-	-	45	-
<b>Surplus/(deficit) before tax</b>		<b>(540)</b>	<b>-</b>	<b>(8,739)</b>	<b>-</b>
Income tax expense	21	(35)	-	7	-
Surplus from continuing operations		(505)	-	(8,746)	-
<b>(Deficit) after tax</b>		<b>(505)</b>	<b>-</b>	<b>(8,746)</b>	<b>-</b>
<b>Other comprehensive income</b>					
Gain on amalgamation	3	-	3,436	-	11,678
<b>Total comprehensive income/(loss)</b>		<b>(505)</b>	<b>3,436</b>	<b>(8,746)</b>	<b>11,678</b>
<b>Total comprehensive income/(loss) attributable to:</b>					
ChristchurchNZ Holdings Limited		(505)	3,436	(8,746)	11,678
		(505)	3,436	(8,746)	11,678

\*Following the transfer of ChristchurchNZ Limited's shareholdings in CRIS Limited to CNZH Limited on 8 September 2017, ChristchurchNZ Limited no longer holds any subsidiary entities. The 'loss on net assets vested' in the group result (\$6.2m) reflects this transfer.

The above consolidated statement of comprehensive revenue and expenses should be read in conjunction with the accompanying notes.



**Consolidated statement of financial position**

As at 30 June 2018

	Note	Parent		Group	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	11	795	2,037	795	2,213
Trade debtors and other receivables	12	845	610	845	625
Inventories	13	80	77	80	77
Current tax receivables	21	61	26	61	58
Short term deposits		1,615	1,862	1,615	4,345
Prepayments		122	214	122	214
<b>Total current assets</b>		<b>3,518</b>	<b>4,826</b>	<b>3,518</b>	<b>7,532</b>
<b>Non-current assets</b>					
Investments in joint ventures	6	-	-	-	749
Property, plant and equipment	14	2,192	1,909	2,192	1,909
Intangible assets	15	293	34	293	34
Deferred tax assets	22	27	10	27	25
Shareholdings	25	-	-	-	4,694
Optional convertible notes	25	-	-	-	100
<b>Total non-current assets</b>		<b>2,512</b>	<b>1,953</b>	<b>2,512</b>	<b>7,511</b>
<b>Total assets</b>		<b>6,030</b>	<b>6,779</b>	<b>6,030</b>	<b>15,043</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade creditors and other payables	16	1,319	1,810	1,319	1,832
Employee benefits liabilities	17	467	307	467	307
Income in advance	18	1,313	1,226	1,313	1,226
<b>Total current liabilities</b>		<b>3,099</b>	<b>3,343</b>	<b>3,099</b>	<b>3,365</b>
<b>Total liabilities</b>		<b>3,099</b>	<b>3,343</b>	<b>3,099</b>	<b>3,365</b>
<b>Net assets</b>		<b>2,931</b>	<b>3,436</b>	<b>2,931</b>	<b>11,678</b>
<b>Accumulated funds and other reserves</b>					
Share capital	19	-	-	-	-
Retained earnings	20	2,641	2,323	2,641	9,410
Reserves	20	290	1,113	290	2,268
<b>Total accumulated funds and other reserves</b>		<b>2,931</b>	<b>3,436</b>	<b>2,931</b>	<b>11,678</b>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.



## Consolidated statements of changes in net assets

For the year ended 30 June 2018

Parent	<u>Attributable to equity holders of the Parent</u>			Total equity \$'000
	Share Capital \$'000	Reserves \$'000	Retained earnings \$'000	
<b>Balance as at 3 May 2017</b>	-	-	-	-
<b>Comprehensive revenue and expenses</b>				
(Deficit) for the year	-	-	-	-
Other comprehensive income	-	-	3,436	3,436
<b>Total comprehensive revenue and expenses</b>	-	-	3,436	3,436
Transfer (to)/from reserves	-	-	(1,113)	(1,113)
Transfer (to)/from retained earnings	-	1,113	-	1,113
<b>Balance as at 30 June 2017</b>	-	1,113	2,323	3,436
<b>Comprehensive revenue and expenses</b>				
(Deficit) for the year	-	-	(505)	(505)
Other comprehensive income	-	-	-	-
<b>Total comprehensive revenue and expenses</b>	-	-	(505)	(505)
Transfer (to)/from reserves	-	-	823	823
Transfer (to)/from retained earnings	-	(823)	-	(823)
<b>Balance as at 30 June 2018</b>	-	290	2,641	2,931

Group	<u>Attributable to equity holders of the Group</u>			
	Share Capital \$'000	Reserves \$'000	Retained earnings \$'000	
<b>Balance as at 3 May 2017</b>	-	-	-	-
<b>Comprehensive revenue and expenses</b>				
(Deficit) for the year	-	-	-	-
Other comprehensive income	-	-	11,678	11,678
<b>Total comprehensive revenue and expenses</b>	-	-	11,678	11,678
Transfer (to)/from reserves	-	-	(2,268)	(2,268)
Transfer (to)/from retained earnings	-	2,268	-	2,268
<b>Balance as at 30 June 2017</b>	-	2,268	9,410	11,678
<b>Comprehensive revenue and expenses</b>				
(Deficit) for the year	-	-	(8,746)	(8,746)
Other comprehensive income	-	-	-	-
<b>Total comprehensive revenue and expenses</b>	-	-	(8,746)	(8,746)
Transfer (to)/from reserves	-	-	1,978	1,978
Transfer (to)/from retained earnings	-	(1,978)	-	(1,978)
<b>Balance as at 30 June 2018</b>	-	290	2,641	2,931

The above consolidated statements of changes in net assets should be read in conjunction with the accompanying notes.



**Consolidated statement of cash flows**

For the year ended 30 June 2018

	Note	Parent		Group	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>Cash flows from operating activities</b>					
CCC funding		10,113	-	10,168	-
Other funding		2,183	-	2,902	-
Other revenue receipts		2,395	-	1,255	-
Interest received		63	-	73	-
Payments to suppliers and employees		(15,151)	-	(14,858)	-
Income tax (paid)/refunded		(18)	-	30	-
<b>Net cash from (used in) operating activities</b>	29	<b>(414)</b>	-	<b>(430)</b>	-
<b>Cash flows from investing activities</b>					
Net cash vested	3	-	-	(2,642)	-
Purchase of property, plant and equipment	3	(1,078)	-	(1,078)	-
Cash from/(to) term deposit		249	-	2,732	-
<b>Net cash flow from investing activities</b>		<b>(828)</b>	-	<b>(988)</b>	-
<b>Net (decrease)/increase in cash and cash equivalents</b>					
		(1,242)	-	(1,418)	-
Cash and cash equivalents at the beginning of the period		2,037	-	2,213	-
Cash acquired on amalgamation		-	2,037	-	2,213
<b>Cash, cash equivalents, and bank overdrafts at the end of the year</b>	11	<b>795</b>	2,037	<b>795</b>	2,213

The above consolidated statements of cash flows should be read in conjunction with the accompanying notes.



## **1 Statement of accounting policies for the year ended 30 June 2018**

### **1.1 Reporting entity**

ChristchurchNZ Limited (ChristchurchNZ) is a public benefit entity, incorporated and domiciled in New Zealand and registered under the Companies Act 1993.

ChristchurchNZ was formed in the 2017 financial year to merge the operations of Canterbury Development Corporation Limited (CDC) and Christchurch and Canterbury Marketing Limited (CCT) and the Major Events and City Promotions functions of Christchurch City Council. Following formation, a short form amalgamation process was undertaken to merge the assets and commitments of CDC & CCT into ChristchurchNZ.

Organisational activity is largely funded by the Christchurch City Council (CCC) and Central Government sub-contracts.

ChristchurchNZ works on behalf of Council to deliver activity that seeks to enable improved economic prosperity outcomes for all.

Separate financial statements for ChristchurchNZ, the parent entity, and consolidated financial statements comprising ChristchurchNZ and its subsidiary (the "Group") are presented for the year ended 30 June 2018.

During the 2018 financial year, ChristchurchNZ transferred its shares in CRIS Limited to parent entity ChristchurchNZ Holdings Ltd. At the date of the transfer of these shares the CNZ Group ceased.

These financial statements were authorised for issue by the Board of Directors on 28 September 2018.

## **2 Summary of significant accounting policies**

### **2.1 Ultimate parent and controlling entity**

The immediate parent and 100% controlling interest of ChristchurchNZ is ChristchurchNZ Holdings Limited. The ultimate holder of the controlling interest is CCC.

#### **Group structure**

The amalgamation of CCT and CDC with ChristchurchNZ occurred on 30 June 2017, (please refer to note 3 for details of the revenue and expenses of CDC and CCT for the 2017 year). The 2018 year reflects the first year of operations for CNZ.

On 30 August 2017 ChristchurchNZ transferred its 100% shareholding in CRIS Ltd to CNZH. The Group statement of comprehensive revenue and expenses reflects the trading result from CRIS Ltd for the two-month period of ownership prior to the transfer of shares to CNZH. Following the transfer of the CRIS shares, the ChristchurchNZ Group ceased.

### **2.2 Basis of preparation**

#### **Measurement base**

The financial statements have been prepared on a historical cost basis, except for assets and liabilities that have been measured at fair value.

The accrual basis of accounting has been used unless otherwise stated.

#### **Going concern**

The financial statements have been prepared on a going concern basis. This has been deemed appropriate as CNZ and Group continue to receive funding and support from the Christchurch City Council under long-term planning commitments. CNZ and Group also maintain a reserves policy to ensure sufficient funds are retained to support operational requirements for a reasonable period.

The significant loss this year is primarily due to divestment of subsidiary CRIS Limited, although a budgeted operating loss for the year was approved by the Board in recognition of one-off amalgamation and merger related costs. The entity typically expects to operate with a small annual surplus.

#### **Functional and presentation currency**

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar, unless otherwise stated. The functional currency of the ChristchurchNZ and the Group is New Zealand dollars.



## 2 Summary of significant accounting policies (continued)

### Statement of compliance

These financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). The statements comply with Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS) Reduced Disclosure Regime and other applicable financial reporting standards issued by the New Zealand Accounting Standards Board. For the purposes of complying with NZ GAAP, ChristchurchNZ and Group are eligible to apply Tier 2 PBE IPSAS on the basis that they do not have public accountability and it is not defined as large.

ChristchurchNZ and the Group are public benefit entities for financial reporting purposes, as their primary objective is to provide services to the community for social benefit and has been established with a view to supporting that primary objective rather than a financial return.

The Board has elected to report in accordance with Tier 2 PBE Accounting Standards and in doing so has taken advantage of all applicable Reduced Disclosure Regime (RDR) disclosure concessions, except for PBE IPSAS 2 Cash Flow Statements.

### Use of estimates and judgements

The preparation of financial statements in conformity with PBE IPSAS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Where material, information on significant judgements, estimates and assumptions is provided in the relevant accounting policy or note disclosure.

The estimates and underlying assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances. Estimates are subject to on-going review and actual results may differ from these estimates. Revisions to accounting estimates are recognised in the reporting period in which the estimate is revised and in any future years affected.

During the 2017 financial year CNZ & the Group's management had to make a significant judgement regarding its ability to exercise significant influence over the CRIS Ltd held investment in Powerhouse Ventures Ltd. It was determined that as a result of the successful listing of Powerhouse Ventures Ltd on the Australian Stock Exchange (ASX) and other related factors that CNZ & the Group no longer has the ability to exercise significant influence over Powerhouse Ventures Ltd and therefore Powerhouse should not be treated as an associate for accounting and reporting purposes, for further detail please see note 25.

During the 2018 year the Groups' management reviewed their prior year judgement of the loss of significant influence over Powerhouse Ventures Ltd and determined that this assessment and associated accounting treatment remains appropriate for the current year. CRIS Ltd management has exercised judgment to impair the book value of the investment in PVL to reflect the ASX market price at 30 June 2018.

### Comparatives

The comparative financial period presented is two months, as reported in the 30 June 2017 Annual Report.

### 2.3 Basis of consolidation

The Group financial statements consolidate the financial statements of ChristchurchNZ and all entities over which ChristchurchNZ has the power to govern the financial and operating policies to obtain benefits from their activities (defined as 'subsidiaries'). The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

All subsidiaries have a 30 June balance date and their financial statements have been prepared to 30 June 2018 with consistent accounting policies applied.

The consolidation of ChristchurchNZ and subsidiary entities involves adding together like terms of assets, liabilities, income and expenses on a line-by-line basis. All significant intra-group balances are eliminated on consolidation of Group financial position, performance and cash flows.

### 2.4 Business combinations

The consideration transferred by ChristchurchNZ and Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred, and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Any acquisition costs are expensed in the surplus or deficit as incurred.

## **2 Summary of significant accounting policies (continued)**

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognised in the reported surplus or deficit.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

If the business combination is achieved in stages, the acquisition date fair value of the Group's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date through the reported surplus or deficit.

If the business combination is considered to be an amalgamation, the modified pooling of interests' method of accounting is used with no goodwill arising on amalgamation.

On disposal of a subsidiary any gain or loss is reflected through the Statement of Comprehensive Revenue and Expenses (see note 4).

### **2.5 Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less, which are subject to an insignificant risk of changes in value.

### **2.6 Debtors and other receivables**

Trade debtors and other receivables are measured at their cost less any impairment losses.

An allowance for impairment is established where there is objective evidence the company will not be able to collect all amounts due according to the original terms of the receivable. Bad debts are written off during the period in which they are identified.

Receivables with a short duration are not discounted.

### **2.7 Creditors and other payables**

Creditors and other payables are stated at amortised cost.

### **2.8 Investments**

#### *Short Term Deposits*

Investments in bank deposits are initially measured at fair value plus transaction costs.

After initial recognition investments in bank deposits are measured at amortised cost using the effective interest method, less any provision for impairment.

For bank deposits, impairment is established when there is objective evidence that ChristchurchNZ and Group will not be able to collect amounts due according to the original terms of the deposit. Significant financial difficulties of the bank, probability that the bank will enter into receivership or liquidation and default in payments are considered indicators that the deposit is impaired.

#### *Equity Investments*

The early stage nature of a number of the equity investments held means that a limited active market exists for re-sale and realisation of profits could be several years away. Inherent uncertainty exists in the valuation of early stage investments therefore CRIS values these at cost less impairment.

The investment in Powerhouse Ventures Ltd has been treated as an equity investment since CRIS's loss of significant influence.

#### *Loans*

Loans are stated at amortised cost plus accrued interest, less any allowances for impairment.

#### *Convertible notes*

Convertible notes are stated at cost less any allowances for impairment.



## 2 Summary of significant accounting policies (continued)

### 2.9 Investments in associates & joint ventures

Associates are those entities over which the Group is able to exert significant influence but which are not subsidiaries. A joint venture is a binding arrangement whereby two or more parties are committed to undertake an activity that is subject to joint control.

Investments in associates and joint ventures are initially recognised at cost and subsequently accounted for using the equity method.

Any goodwill or fair value adjustment attributable to the Group's share in the associate is not recognised separately and is included in the amount recognised as investment.

The carrying amount of the investments in associates and joint ventures is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate, adjusted where necessary to ensure consistency with the accounting policies of the Group.

Unrealised gains and losses on transactions between the Group and its associates are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

ChristchurchNZ does not involve itself in the operating and management decisions of its Associates or Joint Ventures.

### 2.10 Financial instruments

Financial instruments are comprised of trade debtors and other receivables, cash and cash equivalents, short term deposits, investments, other financial assets, trade creditors and other payables, borrowings and other financial liabilities.

Financial assets and financial liabilities are recognised initially at fair value plus transaction costs, except for those carried at fair value through surplus or deficit, which are measured at fair value.

#### Recognition and de-recognition of financial assets and liabilities

Financial assets and financial liabilities are recognised when the ChristchurchNZ and Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

#### Subsequent measurement of financial assets

The subsequent measurement of financial assets depends on their classification, which is primarily determined by the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition and re-evaluates this designation at each reporting date.

ChristchurchNZ and Group currently only classify financial assets within two categories:

##### (i) **Loans and receivables**

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less an allowance for impairment. Discounting is omitted where the effect of discounting is immaterial.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to shared credit risk characteristics. The impairment loss estimate is based on recent historical counterparty default rates for each identified group.





## 2 Summary of significant accounting policies (continued)

### (ii) Financial assets at fair value through surplus or deficit

Financial assets at fair value through surplus or deficit (FVTSD) include financial assets that are either classified as held for trading or that meet certain conditions and are designated at fair value through surplus or deficit upon initial recognition.

Assets in this category are measured at fair value with gains or losses recognised in the reported surplus or deficit. The fair values are determined by reference to active market transactions or using a valuation technique where no active market exists.

Equity investments are measured at cost less any impairment charges, where the fair value cannot currently be estimated reliably.

### Subsequent measurement of financial liabilities

Trade payables and other borrowings are subsequently measured at amortised cost using the effective interest method.

### 2.11 Property, plant and equipment

Items of property, plant and equipment are measured at cost, less accumulated depreciation and any impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

#### Additions

In most instances, an item of property, plant and equipment is recognised at its cost. Cost includes expenditure that is directly attributable to the acquisition of the asset. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value at the acquisition date.

The cost of replacing part of an item of property, plant and equipment and on-going costs is recognised as an asset if, and only if, it is probable that future economic benefits or service potential will flow to the Parent and Group and the cost of the item can be measured reliably.

All repairs and maintenance expenditure is charged to the reported surplus or deficit in the reporting period in which the expense is incurred.

#### Disposals

When an item of property, plant or equipment is disposed of, the gain or loss recognised in the reported surplus or deficit is calculated as the difference between the net proceeds from disposal and the carrying amount of the asset.

#### Depreciation

Depreciation is charged on a straight line (SL) basis on all property, plant and equipment over the estimated useful life of the asset. The following depreciation rates have been applied to each class of property, plant and equipment:

Class of PP&E	Depreciation rates
Office furniture and fittings	8.5% - 21%
Office and computer equipment	10% - 50%
Leasehold improvements	Term of lease
Motor vehicles	14% - 21%

The residual value and useful life of property, plant and equipment is reassessed annually.

### 2.12 Intangible assets

Intangible assets are initially recorded at cost. Where acquired in a business combination, the cost is the fair value at the date of acquisition. The cost of an internally generated intangible asset represents expenditure incurred in the development phase.

Subsequent to initial recognition, intangible assets with finite useful lives are recorded at cost, less any amortisation and impairment losses. Assets with indefinite useful lives are not amortised but are tested, at least annually, for impairment and are carried at cost less accumulated impairment losses.



## 2 Summary of significant accounting policies (continued)

### Amortisation

The carrying value 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 period is recognised in the surplus or deficit.

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

Class of intangible asset	Amortisation rates
Software	33%

### Disposals

Realised gains and losses from the disposal of intangible assets are recognised in the consolidated statement of comprehensive revenue and expenses.

### 2.13 Leases

#### Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

### 2.14 Impairment of financial assets

#### Financial assets

All financial assets are subject to review for impairment at least once each reporting date. Accounts receivable are reviewed for impairment when accounts are past due or when other objective evidence is received that a specific counterparty will default.

#### Non-financial assets

At each reporting date, the carrying amounts of tangible and intangible assets are reviewed to determine whether there is any indication of impairment. If any such indication exists for an asset, the recoverable amount of the asset is estimated to determine the extent of the impairment loss.

#### Impairment losses

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in the reported surplus or deficit.

The estimated recoverable amount of an asset is the greater of their fair value less costs to sell and value in use. Value in use is determined by estimating future cash flows from the use and ultimate disposal of the asset and discounting to their present value using a pre-tax discount rate that reflects current market rates and risks specific to the asset. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Impairment losses are reversed when there is a change in the estimates used to determine the recoverable amount. An impairment loss on property carried at fair value is reversed through the relevant reserve. All other impairment losses are reversed through the reported surplus or deficit.

### 2.15 Inventory

Inventories are recorded at the lower of cost (using the first-in-first-out method ('FIFO')) and net realisable value.



## **2 Summary of significant accounting policies (continued)**

### **2.16 Employee entitlements**

Employee benefits that ChristchurchNZ and the Group expect to be settled within twelve months of reporting date are accrued and measured based on accrued entitlements at current rate of pay. These include salaries and wages accrued up to the reporting date and annual leave earned, but not yet taken at reporting date.

ChristchurchNZ and the Group recognises a liability and an expense for bonuses where they are contractually obliged or where there is a past practice that has created a constructive obligation.

#### **Termination benefits**

Termination benefits are recognised as an expense when ChristchurchNZ and the Group is committed without realistic possibility of withdrawal, to terminate employment, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if ChristchurchNZ and the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than twelve months after the reporting date, then they are discounted to their present value.

### **2.17 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefit will flow to ChristchurchNZ and the Group and revenue can be reliably measured. Revenue is measured at the fair value of consideration received. ChristchurchNZ and the Group assess its revenue arrangements against specific criteria to determine if it is acting as the principal or agent in a revenue transaction. In an agency relationship only the portion of revenue earned on ChristchurchNZ's and the Group's own account is recognised as gross revenue in the Statement of Comprehensive Revenue and Expenses.

The following specific recognition criteria must be met before revenue is recognised:

#### **(i) Rendering of services**

Contract and fee revenue is measured at the fair value of the consideration received or receivable and represent amounts received for goods and services provided in the normal course of business, net of discounts and sale related taxes. Where conditions of contracts have not been met this revenue is recognised as being received in advance until conditions of contracts have been satisfied.

#### **(ii) Donations and grants**

Donations and grant income is recognised as revenue when received and all associated obligations have been met. Where grants have been given for a specific purpose and with return of funds conditions attached, revenue is not recognised until agreed upon services and conditions have been satisfied. Government grants relating to income are recognised as income over the periods necessary to match them with the related services when performed. Grants received for which the requirements and services have not been met are treated as 'income in advance' under current liabilities only where the contract includes a return of funds condition.

Donated assets are recognised at their fair value at the date of the donation.

#### **(iii) Revenue received in advance**

Project funding or grants received before agreed upon services have been provided or completed is treated as income in advance and income is deferred as a liability in the Statement of Financial Position.

#### **(iv) Interest income**

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

#### **(v) Dividend income**

Dividend income is recognised on the date that the Parent and Group's rights to receive payments are established.

#### **(vi) Agency revenue**

ChristchurchNZ and Group recognise revenue from transactions where they are acting as an agent on a net revenue basis in the Statement of Comprehensive Revenue and Expenses. Amounts collected on behalf of the principal are not revenue however any commission or margin received or recoverable for the handling of the inflows is recognised when it is probable that the economic benefit associated with the transaction will flow to CNZ and Group.



## 2 Summary of significant accounting policies (continued)

### 2.18 Income tax

The income tax expense reported against the surplus or deficit for the reporting period is the estimated income tax payable in relation to the current year's activities, adjusted for any difference between the estimated and actual income tax payable in prior years. Amalgamated entity CCT was previously a tax exempt Regional Promotional Body.

Deferred tax is recognised using the Balance Sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences; the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

In principle, deferred tax liabilities are recognised from taxable temporary timing differences. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### 2.19 Goods and services tax (GST)

All amounts in these financial statements are shown exclusive of GST, except for receivables and payables that are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, Inland Revenue is included as part of receivables or payables in the Statement of Financial Position.

### 2.20 Standards, amendments and interpretations to existing standards that are now effective

No new standards were applied in the current reporting period.

### 2.21 Changes in accounting standards

There have been no significant changes in accounting policies during the reporting period.



### 3 Business combinations

On 30 June 2017 the following entities were amalgamated into ChristchurchNZ Limited. The assets and liabilities of the amalgamated entities were transferred to ChristchurchNZ at their carrying amounts on the date of amalgamation.

#### (a) Canterbury Development Corporation Limited

2017  
\$'000

##### Recognised amounts of identifiable assets acquired and liabilities assumed

Cash and cash equivalents	807
Short-term deposits	1,862
Current tax receivables	26
Prepayments	140
Property, plant and equipment	1,150
Deferred tax assets	10
Trade debtors and other receivables	390
Trade creditors and other payables	(1,155)
Employee benefits liabilities	(191)
Income in advance	(941)
<b>Total identifiable net assets</b>	<u><u>2,099</u></u>

#### (b) Christchurch and Canterbury Marketing Limited

##### Recognised amounts of identifiable assets acquired and liabilities assumed

Cash and cash equivalents	1,232
Prepayments	74
Inventories	77
Plant and equipment	758
Intangible assets	34
Trade debtors and other receivables	219
Trade creditors and other payables	(655)
Income in advance	(285)
Employee benefits liabilities	(116)
<b>Total identifiable net assets</b>	<u><u>1,337</u></u>

#### (c) Total net assets received on amalgamation

Canterbury Development Corporation Limited	2,099
Christchurch and Canterbury Marketing Limited	1,337
<b>Total consideration transferred</b>	<u><u>3,436</u></u>



#### 4 Divestment of subsidiaries

On 8 September 2017 CNZ transferred its shares in CRIS Ltd to CNZ Holdings for nil consideration.

The loss on disposal is calculated as follows:

	2018 \$'000
<b>Recognised amounts of identifiable assets and liabilities disposed</b>	
Cash and cash equivalents	66
Short-term deposits	2,576
Investments in joint ventures	794
Shareholdings	2,767
Trade debtors and other receivables	230
Trade creditors and other payables	(178)
<b>Total identifiable net assets</b>	<b>6,255</b>



## 5 Investments in subsidiaries

### i) Basis for consolidation/proportionate consolidation of equity interests

		<b>Parent &amp; Group Ownership interest</b>	
		<b>2018</b>	<b>2017</b>
CRIS Limited (CRIS)	Share capital held by ChristchurchNZ	-	100%

#### **CRIS Ltd**

The share capital of CRIS, prior to 8 September 2017, was 100% owned by ChristchurchNZ who had the full capacity to control the operating decisions of the Company. On 8 September 2017 CNZ transferred 100% of its shareholding in CRIS to CNZH and the control of the CRIS's operating decisions transferred from CNZ to CNZH. CRIS Ltd has been consolidated into the Group financial statements of ChristchurchNZ from the date of amalgamation of its parent, which took place on 30 June 2017, until 8 September 2017 when CNZ ceased to have control (for further details see note 4).

### ii) Equity holdings greater than 20% but less than 50%

PBE IPSAS generally considers that equity holdings of 20% or more, but less than 50%, are associated entities. ChristchurchNZ considers for various reasons that it does not have the ability to significantly influence the operating or financial decisions of the companies in which it holds over 20% of the shares; and accordingly, has accounted for these entities on the same basis as other investment holdings, rather than using the equity accounting method for associates.

		<b>Parent &amp; Group Ownership interest</b>	
		<b>2018</b>	<b>2017</b>
Powerhouse Ventures Limited	Share capital held by CRIS*	-	22.5%
2 C Holdings Limited	Share capital held by CRIS*	-	20.0%
New Zealand Food Innovation Network Ltd	Share capital held by FoodSouth*	-	25.0%
Canterbury Regional Business Partners Ltd	Share capital held by ChristchurchNZ	<b>49.2%</b>	49.2%
Canterbury Business Recovery Group Ltd	Share capital held by ChristchurchNZ	<b>49.0%</b>	49.0%

\*At 30 August 2017 CNZ divested its holding in CRIS to related party CNZH. CRIS has a 50.1% shareholding in FoodSouth.

#### **2C Holdings Ltd**

2C Holdings Limited acts as the holding company for the shares in 2C Light Company Limited. Management of the investment in 2C has effectively been transferred to PVL via a Fund Management Agreement therefore ChristchurchNZ and Group has no significant influence on this entity and has not accounted for 2C as an associate.

#### **Canterbury Regional Business Partners Ltd (CRBPL)**

ChristchurchNZ has a 49% interest in CRBPL, a joint venture with the Canterbury Employers Chamber of Commerce (CECC). CRBPL is a vehicle incorporated for the purpose of receiving funding contracts for economic development activity in the Canterbury Region. 100% of funding revenues received by CRBPL are assigned to ChristchurchNZ, CECC and other sub-contracted entities. As minimal earnings are retained by CRBPL and nil net assets are recognised, the equity interest in CRBPL is not included as an associate in the group financial statements of ChristchurchNZ.

#### **Canterbury Business Recovery Group Ltd (CBRGL)**

Following the earthquake of February 2011, CDC formed the charitable company CBRGL in partnership with CECC. CBRGL is governed by an independent board and its operations are limited to charitable activities, therefore the equity interest in CBRGL is not included as an associate in the group financial statements of ChristchurchNZ. CBRGL was inactive at 30 June 2017.



## 6 Investments in joint ventures

The investments in associates and joint ventures are held by CRIS Ltd. Until 30 August 2017 CRIS Ltd was a subsidiary of CNZ. At 30 August 2017 CNZ divested its holding in CRIS Ltd (note 4) to related party CNZH, such that at 30 June 2018 CNZ Group held no investments in joint ventures.

	2018 \$'000	2017 \$'000
<b>NZ Food Innovation (SI) Limited (FoodSouth)</b>		
Balance at 1 July	749	-
Investment acquired on amalgamation	-	749
Share of total recognised revenue and expenses	45	-
Divestment of CRIS Ltd (note 4)	(794)	-
Balance at 30 June	-	749

### NZ Food Innovation (SI) Limited (FoodSouth)

CRIS Ltd holds 50.1% of the shares of FoodSouth under a shareholding agreement with Callaghan Innovation Ltd (49.9%).

## 7 Finance income and finance costs

	Parent		Group	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>Finance income</b>				
Interest income - term deposits	66	-	66	-
Interest income	-	-	7	-
<b>Total finance income</b>	66	-	73	-

## 8 Other funding

	Parent		Group	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Education New Zealand	224	-	224	-
Canterbury Regional Business Partners	564	-	564	-
Mackenzie District Council	230	-	230	-
District Councils	50	-	50	-
Environment Canterbury	84	-	84	-
CRIS Ltd	1,136	-	1,174	-
Ministry of Business, Innovation & Employment	200	-	200	-
Callaghan Innovation Limited	70	-	70	-
ARA	145	-	145	-
Other	530	-	517	-
	3,232	-	3,258	-

CNZ transferred its shareholding in CRIS Ltd to CNZH on 8 September 2017. As a result of the change in ownership, other funding received from CRIS Ltd subsequent to 8 September 2017 has been included in CNZ Group results.





## 9 Revenue from exchange and non-exchange transactions

	Parent		Group	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>Exchange</b>				
Christchurch City Council (CCC) funding	3,180	-	3,180	-
Other income	1,091	-	1,091	-
Other funding	1,540	-	1,540	-
Other gains/(losses)	(6)	-	(6)	-
Interest income	66	-	73	-
<b>Total exchange</b>	<u>5,871</u>	-	<u>5,878</u>	-
<b>Non-exchange</b>				
Christchurch City Council (CCC) funding	6,933	-	6,988	-
Other income	169	-	164	-
Other funding	1,692	-	1,718	-
<b>Total non-exchange</b>	<u>8,794</u>	-	<u>8,870</u>	-
<b>Total exchange and non-exchange</b>	<u>14,665</u>	-	<u>14,748</u>	-

Exchange transactions are transactions in which one entity receives assets or services or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services or use of assets) to another entity in exchange. In CNZ exchange revenue is derived from accounting services and the provision of serviced offices.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either received value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

CNZ and Group consider that the nature of the transaction between itself and CCC is 'non exchange' in nature as the service value that CNZ returns to CCC as 'economic development' is not always directly provided to CCC as funder, but rather to the broader business community on behalf of CCC. CNZ and Group considers that the Major Events funding received in the 2018 and prior years from CCC is exchange funding as CNZ and Group is extinguishing CCC's obligations to deliver the specified events.

Similarly other funding revenue has been classed as non-exchange revenue as the services are generally provided to the community rather than the funder.

## 10 Auditors remuneration

	Parent		Group	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<i>Auditors remuneration</i>				
Fees charged by Grant Thornton:				
Financial statement audit	54	-	54	-
	<u>54</u>	-	<u>54</u>	-

The 2017 financial year was the first year ChristchurchNZ had been audited and the associated audit fee was reflected in the accounts of ChristchurchNZ Holdings Ltd.



## 11 Cash and cash equivalents

	Parent		Group	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Cash at bank and in hand	688	1,473	688	1,559
Savings and call accounts	-	564	-	654
Short term deposits maturing within 3 months	107	-	107	-
<b>Total cash and cash equivalents</b>	<b>795</b>	<b>2,037</b>	<b>795</b>	<b>2,213</b>

The carrying amount for cash and cash equivalents approximates fair value.

Cash at bank earns interest at floating rates on daily deposit balances.

## 12 Trade debtors and other receivables

	Parent		Group	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>Exchange</b>				
Trade debtors	376	522	376	407
Other receivables	-	-	-	23
Accrued revenue	10	7	10	7
GST receivable	-	-	-	27
<b>Total debtors and other receivables from exchange transactions</b>	<b>386</b>	<b>529</b>	<b>386</b>	<b>464</b>
<b>Non-exchange</b>				
Trade debtors	459	81	459	161
Other receivables	-	-	-	-
<b>Total debtors and other receivables from non-exchange transactions</b>	<b>459</b>	<b>81</b>	<b>459</b>	<b>161</b>
<b>Total debtors and other receivables</b>	<b>845</b>	<b>610</b>	<b>845</b>	<b>625</b>

Trade debtors and other receivables are non-interest bearing and receipt is normally on 30 days terms. Therefore, the carrying value of trade debtors and other receivables approximates its fair value.

As at 30 June 2018 all overdue receivables have been assessed for impairment and appropriate allowances made. All receivables are subject to credit risk exposure.

## 13 Inventories

	Parent		Group	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<i>Merchandise</i>				
Merchandise at cost	80	77	80	77
	<b>80</b>	<b>77</b>	<b>80</b>	<b>77</b>



**14 Property, plant and equipment**

**Parent & Group**

**Cost**

Balance at 3 May 2017  
Acquired on amalgamation  
**Balance at 30 June 2017**  
  
Reclassification (note 15)  
Additions  
Disposals  
**Balance at 30 June 2018**

Capital work in progress \$'000	Office equipment \$'000	Furniture and fittings \$'000	Motor vehicles \$'000	Leasehold improvements \$'000	Computer equipment \$'000	Total \$'000
-	-	-	-	-	-	-
775	46	357	71	939	333	2,521
<b>775</b>	<b>46</b>	<b>357</b>	<b>71</b>	<b>939</b>	<b>333</b>	<b>2,521</b>
-	4	-	-	-	(169)	(165)
-	7	174	-	1,283	99	1,563
(775)	-	(3)	-	-	(30)	(807)
-	<b>57</b>	<b>528</b>	<b>71</b>	<b>2,222</b>	<b>234</b>	<b>3,112</b>

**Accumulated depreciation**

Balance at 3 May 2017  
Acquired on amalgamation  
**Balance at 30 June 2017**  
  
Reclassification (note 15)  
Depreciation charge  
**Balance at 30 June 2018**

-	-	-	-	-	-	-
-	19	121	34	257	181	613
-	<b>19</b>	<b>121</b>	<b>34</b>	<b>257</b>	<b>181</b>	<b>613</b>
-	4	-	1	-	(100)	(96)
-	14	56	8	271	54	403
-	<b>36</b>	<b>177</b>	<b>43</b>	<b>528</b>	<b>135</b>	<b>920</b>

**Carrying amounts**

**At 30 June 2017**  
**At 30 June 2018**

<b>775</b>	<b>27</b>	<b>234</b>	<b>38</b>	<b>683</b>	<b>152</b>	<b>1,909</b>
-	<b>21</b>	<b>350</b>	<b>28</b>	<b>1,694</b>	<b>99</b>	<b>2,192</b>



## 15 Intangible assets

<b>Parent &amp; Group</b>	<b>Intangibles \$'000</b>	<b>Total \$'000</b>
<b>Period ended 30 June 2017</b>		
Opening net book amount	-	-
Intangibles received on acquisition	<u>34</u>	<u>34</u>
Closing net book amount	<u>34</u>	<u>34</u>
<b>At 30 June 2017</b>		
Cost	35	35
Accumulated amortisation and impairment	<u>(1)</u>	<u>(1)</u>
Net book amount	<u>34</u>	<u>34</u>
<b>Year ended 30 June 2018</b>		
Opening net book amount	34	34
Reclassification from Property, Plant and Equipment (note 14)	68	68
Additions	317	317
Amortisation charge	<u>(126)</u>	<u>(126)</u>
Closing net book amount	<u>293</u>	<u>293</u>
<b>At 30 June 2018</b>		
Cost	516	516
Accumulated amortisation and impairment	<u>(223)</u>	<u>(223)</u>
Net book amount	<u>293</u>	<u>293</u>

During the current financial year some capitalised software development costs, being non-monetary assets without physical substance, were transferred from Property, Plant and Equipment to Intangible Assets. These assets are expected to provide future economic benefits and service potential to CNZ and Group and are amortised over their expected useful life.



## 16 Trade creditors and other payables

	Parent		Group	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Trade payables	838	1,480	838	1,489
Non- trade payables and accrued expenses	335	255	335	268
GST payable	146	75	146	75
<b>Total creditors and other payables</b>	<b>1,319</b>	<b>1,810</b>	<b>1,319</b>	<b>1,832</b>

Trade creditors and other payables are non-interest bearing and are normally settled on 30-day terms. Therefore, the carrying value of creditors and other payables approximates their fair value.

## 17 Employee entitlements

	Parent		Group	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Holiday pay	324	262	324	262
Other employee entitlements	143	45	143	45
<b>Total employee entitlements</b>	<b>467</b>	<b>307</b>	<b>467</b>	<b>307</b>

## 18 Income in advance

	Parent		Group	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
MBIE	100	263	100	263
Business partner fees from industry operators	357	285	357	285
Christchurch City Council	240	595	240	595
Callaghan Innovation	-	70	-	70
ECAN	106	-	106	-
Other	510	13	510	13
<b>Total income in advance</b>	<b>1,313</b>	<b>1,226</b>	<b>1,313</b>	<b>1,226</b>

ChristchurchNZ and the Group receive project funding and grants for the delivery of services for public benefit. Unexpended grants where agreed upon services or conditions have not been fully completed at balance date are recognised as income in advance.

ChristchurchNZ and the Group have been provided with funding from the Crown (New Zealand Government) for specific purposes. There were no unfulfilled conditions or contingencies attached to the government funding at year-end, except for the completion of pre-determined services. When these services are completed unexpended government grants will be recognised as revenue.

At the end of the 2017 financial year MBIE extended an existing funding contract for the operation of a co-working innovation hub (Greenhouse) for a further \$450k over three years to August 2019. At June 2018 \$100k of this revenue had been received as revenue in advance pending the completion of milestones.

Business Partner Operators pay in advance for services provided over the course of a calendar year.

During the 2018-year CNZ entered into a four-year contract for services with ECAN for delivery of services relating to Job Productivity for the Canterbury Regional Economic Development Strategy (CREDS). The first instalment of this contract was invoiced in June 2018 with the first progress report due in September 2018.



## 18 Income in advance (continued)

During the 2018-year CCC passed funding to CNZ for the delivery of CCC scheduled Major Events. At 30 June 2018 obligations around the delivery of some CCC scheduled events remained such that \$240k (2017: \$595k) of revenue was retained as income in advance.

## 19 Share capital

1,000 ordinary shares have been issued.

All shares are held by the non-trading holding company, ChristchurchNZ Holdings Ltd.

## 20 Reserves

The following Board approved reserves existed at balance date:

	Parent		Group	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Canterbury Economic Development Strategy (CEDS) Reserve	224	213	224	213
Greenhouse Operations Reserve	66	100	66	100
CNZ Reserve	-	800	-	800
FoodSouth Operations Reserve	-	-	-	400
FoodSouth Net Asset Reserve	-	-	-	756
<b>Total Reserves</b>	<b>290</b>	<b>1,113</b>	<b>290</b>	<b>2,268</b>

In the 2015 financial year the CDC Board approved the creation of a \$550k reserve to contribute to the ongoing project costs associated with the delivery of the Canterbury Economic Development Strategy (CEDS). The opening balance of this reserve at 30 June 2017 was \$213k. During the 2018 year \$189k of this reserve was released following the completion of existing CEDS Projects. An additional \$200k reserve, relating to delivery of City Promotions activities, was approved by the Board at the end of the current financial year.

The Greenhouse Operations Reserve was reduced by \$34k in the current financial year.

In the previous year the Board approved the creation of an \$800k Reserve towards the 'one off' costs associated with the amalgamation of CDC and CCT. The Reserve was not reflected in the June 2017 accounts in error. The Reserve balance at June 2017 has been restated to reflect this balance. During the 2018 year the reserve was released following the recognition of amalgamation and office fitout costs.

Following the divestment of the investment in CRIS Ltd at 8 September, the CRIS held opening Reserves totalling \$1.1m were transferred out of the ChristchurchNZ Group to ChristchurchNZ Holdings Ltd.



## 21 Income tax

	Parent		Group	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Current tax	(18)	-	9	-
Deferred tax	(17)	-	(2)	-
<b>Tax expense</b>	<b>(35)</b>	<b>-</b>	<b>7</b>	<b>-</b>
<b>Relationship between tax expense and surplus or deficit</b>				
Surplus/(deficit) before tax	(540)	-	(8,739)	-
Tax at 28%	(151)	-	(2,447)	-
Plus/(less) tax effect of:				
Non-assessable income	(2,888)	-	(2,916)	-
Non-deductible expenses	3,022	-	3,603	-
Tax effect of subvention payments	-	-	15	-
Divestment of CRIS	(21)	-	1,751	-
Under/(over) provided tax	3	-	-	-
<b>Tax expense</b>	<b>(35)</b>	<b>-</b>	<b>7</b>	<b>-</b>

Due to the amalgamation occurring on 30 June 2017 there was no income tax expense/benefit for CNZ for the period ended 30 June 2017.

### Income tax receivable/ (payable)

Opening balance	26	-	58	-
Settlement of prior year	(3)	-	-	-
Current year's tax expense	-	-	(5)	-
Divestment of CRIS	21	-	(11)	-
Acquired on amalgamation	-	26	-	58
RWT paid current year	17	-	19	-
	<b>61</b>	<b>26</b>	<b>61</b>	<b>58</b>

## 22 Deferred tax assets

	Parent		Group	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>The balance comprises temporary differences attributable to:</b>				
Tax losses	5	-	5	15
Employee benefits	23	10	23	10
Total deferred tax liabilities	<b>27</b>	<b>10</b>	<b>27</b>	<b>25</b>

	Parent		Group	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
At 1 July	10	-	25	-
Charge to tax expense	17	-	2	-
Received on amalgamation	-	10	-	25
	<b>27</b>	<b>10</b>	<b>27</b>	<b>25</b>



## 23 Financial instruments

### (a) Financial instruments

#### Classification of financial instruments

All financial liabilities held by the Parent and Group are carried at amortised cost using the effective interest rate method.

#### Classification of financial assets

The carrying amounts presented in the Statement of Financial Position related to the following categories of financial assets and liabilities.

	Parent		Group	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>Fair value through surplus or deficit (FVTSD)</b>				
Investments (note 25)	-	-	-	4,794
<b>Total</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,794</u>
<b>Loans and receivables</b>				
Cash and cash equivalents	795	2,039	795	2,213
Debtors and other receivables	845	610	845	598
Short-term deposits	1,615	1,862	1,615	4,345
<b>Total</b>	<u>3,255</u>	<u>4,511</u>	<u>3,255</u>	<u>7,156</u>

### (b) Strategy in using financial instruments

ChristchurchNZ and the Group's activities expose it to a variety of financial instrument risks: credit risk, market risk (including market price risk, currency risk and interest rate risk) and liquidity risk. ChristchurchNZ and the Group have a series of policies to manage the risks associated with financial instruments and seeks to minimise exposure from financial instruments. These policies do not allow any transactions that are speculative in nature to be entered into.

### (c) Credit risk

ChristchurchNZ and Group takes on exposure to credit risk, which is the risk that a third party will default on its obligations to the Company causing ChristchurchNZ and Group to incur a loss.

There are no significant concentrations of credit risk as ChristchurchNZ and Group only invest funds with registered banks which have a high Standard and Poor's credit rating.

ChristchurchNZ and the Group did not have any credit facilities at balance date.

### (d) Market risk

Market risk is the combined underlying risk of any investment by ChristchurchNZ and Group including market risk, currency risk and interest rate risk.

#### Currency risk

ChristchurchNZ and Group is not exposed to significant foreign exchange risk as a result of transactions denominated in foreign currencies arising from normal operating activities.

#### Market price risk

ChristchurchNZ and Group has previously invested in unlisted early-stage companies. Unlisted investments are generally not publicly traded. As there may be no open market to establish an independent value for certain unlisted investments, there can be no assurance as to the value of the investment or that there will be a market for the unlisted investment. Where equity investments are publicly traded ChristchurchNZ and Group has valued the investment at the market price. For non-market shares ChristchurchNZ and Group has sought to minimise the market risk by valuing these investments at cost.





## 23 Financial instruments (continued)

### (d) Market risk (continued)

#### Interest rate risk

ChristchurchNZ and Group are subject to cash flow interest rate risk due to fluctuations in the prevailing levels of market interest rates. ChristchurchNZ and Group's risk is limited to its cash and cash equivalents which are held in short term, floating interest rate accounts.

### (e) Liquidity risk

Liquidity risk is the risk that ChristchurchNZ and Group will encounter difficulty raising liquid funds to meet commitments as they fall due. ChristchurchNZ and the Group manage this risk by maintaining sufficient cash and cash equivalents to meet liabilities when due.

## 24 Capital management

ChristchurchNZ and the Group's capital is its equity, being the net assets represented by retained earnings and other equity reserves. The primary objectives of ChristchurchNZ and Group's capital management policy is to ensure healthy capital ratios are maintained in order to support its activities. ChristchurchNZ and the Group manages its capital structure, making adjustments in light of changes to funding contracts and commitments. To maintain or adjust the capital structure, budgetary discretionary expenditure is reduced to avoid the need for borrowing.

An appropriate level of reserves is considered and agreed regularly by the Board and based on professional advice as required.

## 25 Investments

The Group has previously made equity investments in and/or loan advances to entities via the operations of CRIS Ltd. These investments consist of a combination of shares and optional convertible notes. Each investment category is valued in aggregate in the Statement of Financial Position.

CRIS Ltd has previously invested in entities in the early stages of commercialisation. The valuation of these investments will have elements of uncertainty with benefits to be dictated by future economic performance.

### (a) Shareholding investments

The Group's holdings in shareholding investments (via CRIS Ltd) included entities where the ownership held by CRIS Ltd was 20% or greater. These entities were not considered as associates because CRIS Ltd did not have the capacity to exercise significant influence. Where shareholdings are held by the Group they are accounted for at cost less impairment.

#### Powerhouse Ventures Ltd (PVL)

	Parent		Group	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>Shareholding investments classified at FVTSD</b>				
Opening balance	-	-	4,556	-
Impairment	-	-	(2,027)	-
Investments acquired on amalgamation	-	-	-	4,556
Divestment of CRIS (note 4)	-	-	(2,529)	-
<b>Net book amount</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,556</b>

PVL was established as a public private partnership by CDC, Orion, the three regional tertiary institutes and private investors in 2008, for the purpose of providing early stage investment funding. CDC transferred its 25% shareholding in PVL to CRIS on 1 July 2012.

At 1 July 2016 CRIS held 36.65% of the shares in Powerhouse Ventures Limited. In October 2016, Powerhouse Ventures completed a successful listing on the Australian Stock Exchange (ASX). This capital raising event diluted the CRIS Limited shareholding proportion to 22.54%.



## 25 Investments (continued)

Following the ASX listing the CRIS Board determined that they did not have significant influence over Powerhouse as they did not have the ability to participate in any decisions regarding the financial or operational decisions of Powerhouse. As a result of the determination of loss of significant influence in the 2017 financial year the Group elected not to equity account for its share of the earnings of Powerhouse but to reclassify the shares held as an investment asset. In the 2018 financial year the Group determined that this accounting treatment remained appropriate and the classification of the shares held in Powerhouse as an investment asset marked to the ASX price was consistently applied.

On 8 September 2017 CNZ transferred its 100% shareholding in CRIS Ltd to CNZH, recognising that the maintenance of this shareholding did not represent core activity for ChristchurchNZ. See note 4 for further details.

### Other shareholding investments

	Parent		Group	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>Shareholding investments classified as FVTSD</b>				
Opening balance	-	-	139	-
Investments acquired on amalgamation	-	-	-	139
Divestment of CRIS (note 4)	-	-	(139)	-
<b>Net book amount</b>	-	-	-	139

### (b) Optional convertible notes

	Parent		Group	
	2018 \$	2017 \$	2018 \$	2017 \$
<b>Optional convertible notes</b>				
Opening balance	-	-	100	-
OCN's acquired on amalgamation	-	-	-	100
Divestment of CRIS (note 4)	-	-	(100)	-
<b>Net book amount</b>	-	-	-	100

This \$100,000 convertible note facility funded the research and development of an LED strip lighting solution.



## 26 Related party transactions

Related party transactions arise when an entity or person(s) has the ability to significantly influence the financial and operating policies of ChristchurchNZ and the Group or are under common control.

All related party transactions that CNZ and Group entered into during the year occurred within a normal client/supplier relationship and under terms equivalent to those that prevail in arm's length transactions in similar circumstances.

Some Directors of the company are or have been during the year directors of other companies or organisations with whom CNZ may transact. Such transactions are carried out on an arms-length basis and are conducted on normal commercial terms.

The Parent and Group have a related party relationship with key management personnel. Management personnel has been defined to include the Chief Executive Office and the Company's managers who directly report to the Chief Executive Officer.

Key management personnel did not receive any remuneration or compensations other than in their capacity as key management personnel.

### Related party debtor/(creditor) balances

		Revenue from related parties		Purchases from related parties		Amount owed by related parties		Amounts owed to related parties	
		Parent	Group	Parent	Group	Parent	Group	Parent	Group
<b>Transactions with related entities</b>									
Christchurch City Council	2018	10,113	10,168	199	199	43	43	19	19
	2017	-	-	-	-	44	44	-	-
Canterbury Regional Business Partners	2018	564	564	-	-	-	-	-	-
	2017	-	-	-	-	56	56	-	-
NZ Food Innovation South Island	2018	26	26	-	-	-	-	-	-
	2017	-	-	-	-	-	-	-	-
CRIS Ltd	2018	1,136	1,174	1,135	-	240	-	-	-
	2017	-	-	-	-	-	-	-	-
VBASE Ltd	2018	64	64	28	28	-	-	-	-
	2017	-	-	-	-	-	-	-	-
Christchurch International Airport (CIAL)	2018	132	132	11	11	29	29	-	-
	2017	-	-	-	-	-	-	-	-
Red Bus Limited	2018	4	4	6	6	-	-	-	-
	2017	-	-	-	-	-	-	-	-



## 26 Related party transactions (continued)

		Revenue from related parties		Purchases from related parties		Amount owed by related parties		Amounts owed to related parties	
		Parent	Group	Parent	Group	Parent	Group	Parent	Group
<b>Non shareholder related party transactions</b>									
Ministry of Awesome	2018	-	-	65	65	-	-	-	-
	2017	-	-	-	-	-	-	-	-
Black Cat Group	2018	7	7	-	-	-	-	-	-
2007 Ltd	2017	-	-	-	-	-	-	-	-
The Christchurch	2018	6	6	-	-	-	-	-	-
Foundation	2017	-	-	-	-	-	-	-	-
ARA	2018	145	145	1	1	-	-	-	-
	2017	-	-	-	-	-	-	-	-
Ngai Tahu Tourism	2018	6	6	-	-	-	-	-	-
Ltd	2017	-	-	-	-	-	-	-	-
Missing Link	2018	-	-	18	18	-	-	-	-
Consultants Ltd	2017	-	-	-	-	-	-	-	-
Peacock Consulting	2018	-	-	10	10	-	-	-	-
Ltd	2017	-	-	-	-	-	-	-	-

During the 2018 financial year CNZ assisted its parent entity CCC with the completion of prior delivery obligations relating to several international cricket events. This activity resulted in CNZ having an agency relationship with CCC, VBASE and NZ Cricket such that the revenue received from NZ Cricket and passed on to VBASE and others for event delivery was treated as agency revenue and netted off in the Statement of Comprehensive Revenue and Expenditure in accordance with CNZ accounting policy.

CNZ worked with CIAL during the year on a number of tourism and promotion activities for which CNZ received revenue from CIAL.

## 27 Contingencies

As at 30 June 2018 the ChristchurchNZ and Group had no contingent liabilities or assets (2017: Nil).



## 28 Capital commitments

ChristchurchNZ and Group had no capital commitments at 30 June 2018.

As at 30 June 2018 CRIS had committed funding of \$200,000 to FoodSouth in accordance with the terms of the funding agreement between CRIS, FoodSouth and Callaghan Innovation (2017: \$400,000). ChristchurchNZ and Group had no other capital commitments at 30 June 2017.

### Operating leases

	Parent		Group	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Within one year	881	867	881	867
Later than one year and not later than five years	2,870	217	2,870	217
Later than five years	2,206	5,031	2,206	5,031
<b>Total non-cancellable operating leases</b>	<b>5,957</b>	<b>6,115</b>	<b>5,957</b>	<b>6,115</b>

*Net of landlord contribution (\$550k over 9 years)*

CNZ and Group have entered into commercial property leases on premises occupied by the business. The property lease commitment figures are net of a landlord contribution received in the 2018 financial year. CNZ also has operating leases for motor vehicles and items of office equipment.

## 29 Reconciliation of net surplus/(deficit) after tax to net cash flow from operating activities

	Parent		Group	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>Surplus/(deficit) after tax</b>	<b>(505)</b>	-	<b>(8,746)</b>	-
<b>Add/(less) non-cash items</b>				
Share of associate's surplus	-	-	(45)	-
Depreciation	529	-	529	-
Impairment of investments	-	-	2,027	-
Tax expense	(14)	-	7	-
(Gain)/Loss on net assets vested	(21)	-	6,255	-
Losses on disposal of assets	6	-	6	-
<b>Add/(less) movements in working capital items</b>				
(Increase)/Decrease in debtors and other receivables	(234)	-	(442)	-
(Increase)/Decrease in prepayments	93	-	93	-
(Increase)/Decrease in interest receivable	(4)	-	-	-
Increase/(Decrease) in creditors and other payables	(399)	-	(389)	-
Increase/(Decrease) in income tax payable	(18)	-	30	-
Increase/(Decrease) in income in advance	86	-	86	-
Increase/(Decrease) in employee entitlements	69	-	160	-
	<b>(409)</b>	-	<b>(463)</b>	-
<b>Net cash inflow/(outflow) from operating activities</b>	<b>(414)</b>	-	<b>(430)</b>	-

## 30 Events occurring after the reporting date

There were no significant events subsequent to the reporting date which require adjustment to or disclosure in the financial statements.



### 31 Performance against Statement of Intent Targets

The performance targets for the 2018 year reflected in the Statement of Intent are derived from the Annual Levels of Service CNZ agrees with Christchurch City Council (CCC) as part of the it's long term planning process.

CNZ is a not for profit entity focused on the public good. CNZ operates primarily on funding received from CCC. Operational targets are compiled from a combination of activities required to deliver the outcomes identified in the CCC three-year plan and to meet the requirements of other funding contracts.

#### Operational Performance Targets

	<b>Strategic Priority</b>	<b>Outcome</b>	<b>Target</b>	<b>Status</b>
1	Establish ChristchurchNZ (the City has a single agency for the delivery of Tourism, International Education, Major Events & Economic Development Activity)	ChristchurchNZ is established and fully operational	Develop medium-term organisational strategy.	Achieved
			Develop a culture and ways of working that support productivity and delivery of the ChristchurchNZ strategic objectives.	Achieved
		ChristchurchNZ is a credible partner for agencies & individuals contributing to the promotion and economic growth of Christchurch	Develop Communications and Engagement Strategy.	Not Achieved Communications Strategy delayed until new senior leadership team on board
			Develop and roll-out strong ChristchurchNZ brand.	Achieved



**31 Performance against Statement of Intent Targets (continued)**

2	Develop a strong positive city profile and promote the city to residents, national and international audiences	Christchurch has a strong profile and reputation aligned with the Christchurch story	Lead Christchurch Narrative Steering Group in further refining and promoting Narrative as a key tool in city promotion and attraction of visitors, students, businesses and investment.	Achieved
			Develop Narrative "Toolkit" (images, video, text and other resources) and promote to partners and key stakeholders.	Achieved
		Residents and visitors understand what Christchurch and Canterbury have to offer	Deliver coordinated campaigns for residents, and domestic and international visitors, aligned to the Christchurch Narrative and in support of the Christchurch airport.	Achieved
			The i-Site provides high quality customer service to visitors	Achieved
			Deliver city promotions work programme to residents and visitors.	Achieved
	Christchurch is recognised as a major gateway to South Island and Antarctica	Work with partners to implement the Christchurch Antarctic Gateway Strategy.	Achieved	



**31 Performance against Statement of Intent Targets (continued)**

3	Attract visitors, migrants, new business and investment through integrated marketing, major events & conferences	More visitors, migrants, new business entrepreneurs and investors are attracted to Christchurch	Deliver tourism marketing programme.	Achieved
			Expand the business and investment enquiry and response framework in partnership with DCL and others.	Achieved
			Work with partners to identify and progress new investment and business opportunities.	Achieved
			Greenhouse action plan is implemented and support is provided for Innovation Precinct.	Achieved
			FoodSouth food product testing facility provides services to South Island food producers	Achieved
			Implement the Canterbury International Education Strategy	Achieved
			Review funding for 2018/19 onward.	Achieved
			Implement the Christchurch Visitor Strategy	Achieved
			Provide high quality core services to the visitor industry including data and research, digital platforms, i-SITE Visitor Information Centre	Achieved
			Visitor spend in the traditional shoulder and off-season is increased	Achieved
		Christchurch has a major event portfolio which increases Christchurch's profile, attracts visitors & engages residents	Achieved	
		Deliver scheduled programme of major events on behalf of CCC. Work with Tourism Marketing to identify and capitalise on synergies.	Achieved	
		Develop Major Events Strategy for sign-off by CCC.	Achieved	
Domestic delegate days to be within the range of 7-10% market share.	Achieved			





**31 Performance against Statement of Intent Targets (continued)**

4	Ensure a business environment supports successful and sustainable enterprise and encourages creativity and innovation	Consensus and demonstrated commitment to work together exists among key organisations to achieve a shared vision for an economic future for Christchurch	Develop plan for implementation of Visitor Strategy.	Achieved
			Review and update CEDS following development of strategy for ChristchurchNZ	Achieved Ongoing
			Deliver projects that improve prosperity.	Achieved
			Establish CEDS Economic Leadership Group.	Not Achieved
		Enterprises have access to services tailored to specific business needs	Provide business support services to 600 local businesses.	Achieved
			Investigate the needs of tourism, events and international education sectors to determine whether new programmes should be developed.	Achieved
			Support collaborative organisations aimed at increasing industry leadership, collaboration and growth	Achieved
		The business and government community have a good understanding of economic conditions, trends and growth drivers for the city and region	Deliver economic knowledge and insights regularly to stakeholders, via website, publications and update events, at minimum quarterly.	Achieved
			Review and deliver a research programme that is aligned with scope of ChristchurchNZ activities.	Achieved
			Review information products and channels to ensure audiences receive the right information through the most effective channels.	Achieved



### 31 Performance against Statement of Intent Targets (continued)

#### Financial Performance Targets

Objectives	Performance	Status
Financial Performance meets shareholder expectations (budget).	<p>CNZ meets or exceeds budgeted key performance measures.</p> <p>2018 \$000</p> <p>CCC Funding 9,948</p> <p>Other Funding 2,596</p> <p>Shareholders' Funds/Total Assets 80%</p>	<p>Achieved</p> <p>Achieved</p> <p>Not Achieved</p>
CNZ's capital structure and funding model is appropriate for the nature of its business.	ChristchurchNZ will utilise CCC funding for the objectives as set out in the LTP and secure additional funding from appropriate sources to complete specific projects as required, utilising capital reserves retained by CRIS Ltd as available and required to leverage other funding sources. The CNZH Group maintains an adequate level of reserves to meet on-going commitments (circa six months of operations).	Achieved
Treasury management policies and practices are consistent with best practice.	CNZH to review its Treasury Policy biennially.	Achieved
CNZ Accounting Policy is consistent with shareholder requirements and complies with IPSAS.	Annual external audit reviews do not highlight any material issues.	Achieved



## Corporate Governance Statement

### Ownership

Shares in the Company are held by ChristchurchNZ Holdings Ltd (CNZH) which is 100% owned by the Christchurch City Council (CCC).

### Public Benefit Entity

ChristchurchNZ is a non-profit entity that acts for the public good. ChristchurchNZ considers the environment and the community in all of its activities.

### Nature of operations

ChristchurchNZ is a Council Controlled Organisation (CCO) that works to optimise the economic and social opportunities that tourism, major events, city promotion and economic development can bring to Christchurch and Canterbury.

### Role of the Board of Directors

The Board is ultimately responsible for setting the strategic direction of the company, oversight of the management of the company and direction of its business strategy, with the ultimate aim being achievement of the shareholder's vision and wishes for the economic development of Christchurch city and the city's surrounding area of interest. The Board is accountable to the shareholder for the performance of the company.

The Board draws on relevant corporate governance best practice principles to assist and contribute to the performance of ChristchurchNZ. The functions of the Board are outlined in the Board Charter and include areas of stewardship such as:

- Identifying and agreeing matters of policy, strategic direction and intervention logic with shareholder
- Approving Business Plans/Strategies and Budgets
- Monitoring management of the Company's capital
- Providing leadership and a framework of controls to enable the assessment and management of risk
- Ensuring appropriate internal controls, monitoring and reporting systems are in place
- Monitoring operational and financial position and performance of the Company
- Appointment of Chief Executive Officer
- Ensuring appropriate procedures are in place to ensure compliance with laws, government regulations and regulatory requirements
- Approving and reviewing internal decision making and compliance policies and procedures
- Appointing Board members or representatives for subsidiary entities

### Board Membership

Directors of the Board are appointed by Christchurch City Holdings Ltd (CCHL) on behalf of the shareholder CCC. Board appointees will include Council Directors and Independent Directors. The Directors will elect and appoint an Independent Director as Chair after consultation with the shareholder. All Directors are required to comply with a formal Code of Conduct which is based on the New Zealand Institute of Directors' Code of Proper Practice for Directors.

### Directors holding office during the year were:

Therese Arseneau  
Kaila Colbin  
Louise Edwards (retired 31 May 2018)  
David Hawkey (retired 31 May 2018)  
Raewyn Idoine (retired 8 August 2017)  
Grant Ryan (retired 31 May 2018)  
Timothy Scandrett  
Andrew Turner  
Roland Van Bommel (appointed 1 June 2018)  
Stephen John Barclay (appointed 1 June 2018)  
Paul Jonathon Bingham (appointed 1 June 2018)

## Corporate Governance Statement (continued)

### Directors remuneration

The total remuneration received by the Directors of ChristchurchNZ & Group during the period was as follows:

	Parent		Group	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>Directors fees</b>				
T Arseneau (Chair)	70	-	70	-
L Edwards	35	-	35	-
G J Ryan	35	-	35	-
K Colbin	35	-	35	-
D Hawkey	35	-	35	-
R Idoine	4	-	4	-
S Barclay	3	-	3	-
P Bingham	3	-	3	-
R Van Bommel	3	-	3	-
	<u>222</u>	<u>-</u>	<u>222</u>	<u>-</u>

Directors fees are reviewed periodically by Christchurch City Holdings Limited on behalf of the shareholder in accordance with the Shareholder Policy on Remuneration & Appointment of Directors. Directors of CNZ Limited do not receive any further remuneration for appointment to subsidiary entities.

At balance date a provision of \$70k existed in relation to Councillor Director fees. In prior years a donation to the Mayoral Welfare Fund has been made in lieu of Councillor Director Fees (2017: \$97k).

### Employee remuneration

As part of its remuneration policy ChristchurchNZ utilises externally provided market data to annually assess its position in the market and ensure that pay rates are fair and sufficiently competitive to enable it to retain and attract appropriately qualified talent.

No employee remuneration was paid by ChristchurchNZ and the Group for the period ended 30 June 2017.

The number of employees who received remuneration and benefits during the period above \$100,000 are listed below with bands specified.

	Parent		Group	
	2018	2017	2018	2017
<b>\$000's</b>				
100 - 109	5	-	5	-
120 - 129	2	-	2	-
130 - 139	2	-	2	-
150 - 160	1	-	1	-
180 - 189	1	-	1	-
230 - 249	1	-	1	-
	<u>12</u>	<u>-</u>	<u>12</u>	<u>-</u>

### Board Operation

The operation of the Board is governed by the Company's constitution and the Boards' Code of Conduct. The Board meets monthly and follows an annual work program. Formal agendas and regular reports are distributed to the Board, generally a week before meetings. The Board may delegate some responsibilities and tasks to sub-committees. An Audit and Risk Committee and a Remuneration Committee have been established for this purpose.

The Company maintains Directors and Officers Insurance consistent with the requirements of the Companies Act and the Company's Constitution.

The Board maintains a formal directors' interests register and this register is reviewed for any necessary updates at the start of all Board Meetings.

## Corporate Governance Statement (continued)

### Directors' Interests

The following entries were recorded in the interests register during the two months ended 30 June 2018:

	<b>Company</b>	<b>Interest</b>
T Arseneau	ChristchurchNZ Holdings Ltd	Chair
	J. Ballantyne & Co Limited	Director
	Therese Arseneau Consulting Ltd	Director
	Christchurch Symphony Orchestra Trust	Chair
	Ara Institute of Canterbury	Chair
K Colbin	ChristchurchNZ Holdings Ltd	Director
	Ministry of Awesome	Co-founder & Chair
	Missing Link Consultants Ltd	Managing Director
	CORE Education	Deputy Chair
	Natural Gourmet Institute	Chair
	Digital Economy and Digital Inclusion Ministerial Advisory Group	Member
L Edwards	Wrattwards Trust	Trustee
	Peacock Consulting Ltd	Director and Shareholder
	NZCU South	Director
	Canterbury Business Recovery Trust	Trustee
	Business Recovery Grants Program Independent Panel	Member
	ChristchurchNZ Holdings Ltd	Director
D Hawkey	ChristchurchNZ Holdings Ltd	Director
	Ngai Tahu Tourism Ltd	Director
	UBS Canterbury	Director
	University of Canterbury Student Association Inc	Chief Executive
R Idoine	ChristchurchNZ Holdings Ltd	Director
	Tourism NZ	Director
	MoH Health Research Ethics Committee	Chair
G J Ryan	ChristchurchNZ Holdings Ltd	Director
	CRIS Limited	Chair
	SLI-Systems Inc	Shareholder
	PurePodz Ltd	Director
	That Cool Company Ltd	Director
	Grant James Ryan Family Trust	Trustee
	JW and IM Ryan Family Trust	Trustee
	The Cacophony Project	Founder Trustee
Banks Peninsula Wild Side	Supporter Group	
T Scandrett	TPS Consulting Ltd	Director
	Civic Building Ltd	Director
	VBL One Ltd	Director
	ChristchurchNZ Holdings Ltd	Director
	Vbase Limited	Chair
	Christchurch City Council	Councillor
Innovation and Sustainability Committee	Deputy Chair	

## Corporate Governance Statement (continued)

A Turner	ChristchurchNZ Holdings Ltd	Director
	Christchurch City Holdings Ltd	Director
	Otautahi Community Housing Development GP Ltd	Director
	Otautahi Community Housing Trust	Trustee
	Harbour Wind Ltd	Director/Shareholder
	Harbour Co-op	Shareholder
	Purple Cow Ltd	Shareholder
	Rod Donald Banks Peninsular Trust	Trustee
	Christchurch City Council	Deputy Mayor & Councillor
	Lyttelton Information Centre Trust	Trustee
	Lyttelton Returned Services Association Trust	Trustee
	Banks Peninsula War Memorial Society	Trustee
	Okains Bay Maori & Colonial Museum	Trustee
PJ Bingham	Akaroa Harbour Cruises Ltd	Director
	Dolphin Experience Ltd	Director
	Lyttelton Harbour Cruises Ltd	Director
	Shuttlerock PTY Limited (Australia)	Director
	Ngai Tahu Tourism Limited	Director
	Black Cat Group 2007 Ltd	Chair
	Shuttlerock Limited (New Zealand)	Chair
	Pajo Trust	Trustee
	The Christchurch Foundation	Trustee
Banks Peninsula Conservation Trust	Trustee	
S Barclay	Cycling NZ	Director
	Kiwibuild	CE
	Mt Difficulty Wines Ltd	Shareholder
	Longbush Partnership Ltd	Shareholder
R Van Bommel	Asahi Holdings Australia	Director
	Whistle Pig LLC	Chair
	Giesen Group	Advisor
	Stuart Alexander PTY Ltd	Advisor