

**ChristchurchNZ Limited
Annual Report
for the year ended 30 June 2020**

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Directory

Incorporated	3 May 2017
Reporting Entity	ChristchurchNZ is a Council Controlled Organisation (CCO) that works to stimulate economic growth for a more prosperous Ōtautahi Christchurch.
Business location	Christchurch
Registered office	Level 3, 101 Cashel Street Christchurch
Incorporation Number	6277728
Directors	Dr T Arseneau (Chair) Mr S Barclay Cr M Davidson Cr A Turner Mr R van Bommel Mr P Bingham
Shareholder	ChristchurchNZ Holdings Limited 1,000 Total ordinary shares issued 1,000
Independent Auditor	Grant Thornton New Zealand Audit Limited on behalf of the Auditor General
Solicitor	Alexander Paull Christchurch
Banker	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 2020 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's 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 2013.

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.

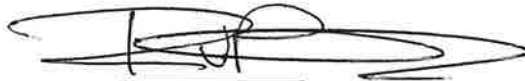
The Directors are pleased to present the company financial statements for the year ended 30 June 2020.

For and on behalf of the Directors.



Chair

25th September 2020



Director

25th September 2020

Independent Auditor's Report

Audit

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To the Shareholders of the ChristchurchNZ Limited's financial statements and performance information for the year ended 30 June 2020

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 Limited, to carry out the audit of the financial statements and performance information of the company on his behalf.

Opinion

We have audited:

- The financial statements of the company on pages 8 to 33, that comprise the statement of financial position as at 30 June 2020, the statement of comprehensive income, statement of changes in net assets and statement of cash flows for the year ended on that date; and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the company on pages 34 to 37.

In our opinion:

- the financial statements of the company on pages 8 to 33:
 - present fairly the company's:
 - its financial position as at 30 June 2020; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards with disclosure concessions; and
- the performance information of the company on pages 34 to 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 2020.

Our audit was completed on 25 September 2020. 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 we explain our independence.

Impact of Covid-19

Without modifying our opinion, we draw attention to the disclosures about the impact of Covid-19 on the Company as set out in 2.2 Basis of preparation, Going concern in the Summary of Significant Accounting Policies.

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 performance information

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

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

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

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

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

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if,

individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements and the performance information.

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

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

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We evaluate the appropriateness of the reported performance information within the company's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

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

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board of Directors are responsible for the other information. The other information comprises the information included on page 3 and pages 38 to 42, but does not include the financial statements and the performance information, and our auditor's report thereon.

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

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the company in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (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 Limited
On behalf of the Auditor-General
Christchurch, New Zealand

ChristchurchNZ Limited
Statement of comprehensive income
For the year ended 30 June 2020

Statement of comprehensive income

For the year ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
Operating revenue			
Christchurch City Council (CCC) funding		11,849	12,099
Other funding	6	2,661	4,076
Other income		1,103	1,047
Interest income	5	74	72
Total operating revenue		15,687	17,294
Operating expenditure			
Project and service delivery costs		4,686	6,452
Employee remuneration and contractor costs		6,770	7,040
Overheads and administrative expenses		1,721	1,779
Premises rental and other leasing costs		793	810
Depreciation and amortisation expense	12,13	579	530
Impairment	12	288	-
Total operating expenditure		14,837	16,611
Surplus/(deficit) before tax		850	683
Income tax expense/(benefit)	19	(8)	(11)
Surplus from continuing operations		<u>858</u>	<u>694</u>
Surplus/(deficit) after tax		858	694
Other comprehensive income			
Gain on amalgamation	3	2,849	-
Total comprehensive income		3,707	694
Total comprehensive income/(loss) attributable to:			
ChristchurchNZ Holdings Limited		<u>3,707</u>	694
		<u>3,707</u>	<u>694</u>

The above statement of comprehensive income should be read in conjunction with the accompanying notes.



ChristchurchNZ Limited
Statement of financial position
As at 30 June 2020

Statement of financial position

As at 30 June 2020

	Note	2020 \$'000	2019 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	9	2,803	2,419
Trade debtors and other receivables	10	440	386
Inventories	11	-	67
Current tax receivables	19	98	23
Short term deposits		4,903	1,015
Prepayments		281	438
Total current assets		<u>8,525</u>	<u>4,348</u>
Non-current assets			
Property, plant and equipment	12	1,384	1,991
Intangible assets	13	431	204
Deferred tax assets	20	47	51
Shareholdings	23,21	252	-
Total non-current assets		<u>2,114</u>	<u>2,246</u>
Total assets		<u>10,639</u>	<u>6,594</u>
LIABILITIES			
Current liabilities			
Trade creditors and other payables	14	1,583	1,415
Employee benefits liabilities	15	310	459
Income in advance	16	1,415	1,095
Total current liabilities		<u>3,308</u>	<u>2,969</u>
Total liabilities		<u>3,308</u>	<u>2,969</u>
Net assets		<u>7,331</u>	<u>3,625</u>
Accumulated funds and other reserves			
Retained earnings		4,749	2,663
Reserves	18	2,582	962
Total accumulated funds and other reserves		<u>7,331</u>	<u>3,625</u>

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



Statement of changes in net assets

For the year ended 30 June 2020

Entity	<u>Attributable to equity holders of the Entity</u>		
	Other reserves \$'000	Retained earnings \$'000	Total \$'000
Balance as at 30 June 2018	290	2,641	2,931
Comprehensive income			
Surplus/(Deficit) for the year	-	694	694
Other comprehensive income	-	-	-
Total comprehensive income	-	694	694
Transfer (to)/from reserves	672	-	672
Transfer (to)/from retained earnings	-	(672)	(672)
Balance as at 30 June 2019	962	2,663	3,625
Comprehensive income			
Surplus/(Deficit) for the year	-	858	858
Other comprehensive income	-	2,849	2,849
Total comprehensive income	-	3,707	3,707
Transfer (to)/from reserves (note 18)	1,620	-	1,620
Transfer (to)/from retained earnings	-	(1,620)	(1,620)
Balance as at 30 June 2020	2,582	4,749	7,331

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



ChristchurchNZ Limited
Statement of cash flows
For the year ended 30 June 2020

Statement of cash flows
For the year ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
Cash flows from operating activities			
CCC funding		11,849	12,099
Other funding		4,083	3,929
Interest received		45	78
Payments to suppliers and employees		(13,726)	(14,876)
Income tax (paid)/refunded		(92)	36
Net cash flow from operating activities	27	<u>2,158</u>	<u>1,266</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(485)	(242)
Cash received on amalgamation of CRIS Ltd		2,596	-
Cash from/(to) term deposit		(3,886)	599
Net cash flow from investing activities		<u>(1,774)</u>	<u>358</u>
Net (decrease)/increase in cash and cash equivalents			
Cash and cash equivalents at the beginning of the period		2,419	795
Cash, cash equivalents, and bank overdrafts at the end of the year	9	<u>2,803</u>	<u>2,419</u>

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



1 Statement of accounting policies for the year ended 30 June 2020

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 by Christchurch City Council to create one TEED Agency for Christchurch (Tourism, Events & Economic Development). 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 were amalgamated into ChristchurchNZ.

Organisational activity is largely funded by the Christchurch City Council (CCC) and Central Government sub-contracts and co-funding with private sector partners.

ChristchurchNZ works on behalf of Council to deliver activity that seeks to stimulate economic growth for Ōtautahi Christchurch.

These financial statements were authorised for issue by the Board of Directors on 25th September 2020.

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 (CNZH). The ultimate holder of the controlling interest is CCC.

Group structure

On 30 June 2020 related entity CRIS Ltd was amalgamated into ChristchurchNZ Ltd via the short form amalgamation process.

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. Management have assessed the ability of CNZ to continue as a going concern and considered all available information about the future. COVID19 has adversely affected the ability of the entity to generate revenue and impacted the delivery of some tourism and event related activity. During the period ChristchurchNZ applied for and received a wage subsidy of \$61,807 for the i-SITE staff which was paid to the affected staff. In response to the continued uncertainty created by COVID19 and the absence of international travellers, ChristchurchNZ has now mothballed the i-SITE operation for the foreseeable future and re-prioritised work programs. The shareholder, Christchurch City Council, has committed to provide CNZH with funding and support under the Long Term Plan (LTP) and as such Management are satisfied that the entity meets the going concern requirements.

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 ChristchurchNZ 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). They 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 is 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 is a public benefit entity for financial reporting purposes, as the 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.

Management have used their judgement to consider the impact of COVID19 on the organisation and determined that the estimates and judgements applied to the preparation of the financial statements remain appropriate.

Comparatives

The comparative financial period presented as reported in the 30 June 2019 Annual Report.

2.3 Business combinations

The consideration transferred by ChristchurchNZ 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, 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.

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.

ChristchurchNZ 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 ChristchurchNZ'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 Income (see note 3).

2.4 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 Summary of significant accounting policies (continued)

2.5 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.

2.6 Creditors and other payables

Creditors and other payables are stated at amortised cost.

2.7 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 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 ChristchurchNZ values these at cost less impairment.

2.8 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 ChristchurchNZ 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 Company 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 currently only classifies 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.



2 Summary of significant accounting policies (continued)

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.

(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.

2.9 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

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

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

All repairs and maintenance expenditure is charged to the Statement of Comprehensive Income 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	10% - 33%
Office and computer equipment	10% - 50%
Leasehold improvements	Term of lease (11-17%)
Motor vehicles	14%

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

2.10 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.



2 Summary of significant accounting policies (continued)

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.

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	10% - 40%

Disposals

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

2.11 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.

2.12 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 with a finite useful life 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 in order 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.

2.13 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)

2.14 Employee entitlements

Employee benefits that ChristchurchNZ 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 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 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 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.

2.15 Provisions

Onerous Contracts

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established ChristchurchNZ recognises any impairment loss on the assets associated with that contract.

2.16 Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to ChristchurchNZ and revenue can be reliably measured. Revenue is measured at the fair value of consideration received. ChristchurchNZ assesses 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 own account is recognised as gross revenue in the Statement of Comprehensive Income.

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 ChristchurchNZ's rights to receive payments are established.



2 Summary of significant accounting policies (continued)

(vi) Agency revenue

ChristchurchNZ recognise revenue from transactions where they are acting as an agent on a net revenue basis in the Statement of Comprehensive Income. 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 ChristchurchNZ.

(vii) Government grants received as wage subsidy

Government grants received as wage subsidies are non-exchange revenue and are initially recorded as a liability and recognised as revenue when the conditions attached to the grant are met ie. when the wages/salaries are paid.

2.17 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.

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.

2.18 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.

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

No new standards were applied in the current reporting period.

2.20 Changes in accounting standards

There have been no significant changes in accounting policies during the current reporting period. Accounting policies have been applied on a basis consistent with the prior reporting period.



3 Business combinations

On 30 June 2020 CRIS Ltd was amalgamated into ChristchurchNZ Limited. The assets and liabilities of CRIS Ltd were transferred to ChristchurchNZ at their carrying amounts on the date of amalgamation (\$2.8m) which gave rise to a gain on amalgamation of \$2.8m in Other Comprehensive Income. The gain on amalgamation eliminates in the consolidated accounts of the parent entity (ChristchurchNZ Holdings Ltd).

(a) CRIS Limited

	2020 \$'000
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	2,379
Short-term deposits	147
Current tax receivables	48
Investment in equities	252
Other receivables	23
Total identifiable net assets	2,849

(b) Total net assets received on amalgamation

CRIS Limited	2,849
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Revenue and expenditure for CRIS Ltd for the period ended 30 June 2020 are reflected in the consolidated accounts of the parent entity ChristchurchNZ Holdings Ltd.

4 Investments in subsidiaries

i) 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.

		Ownership interest	
		2020	2019
Canterbury Regional Business Partners Ltd	Share capital held by ChristchurchNZ	49.2%	49.2%
Canterbury Business Recovery Group Ltd	Share capital held by ChristchurchNZ	49.0%	49.0%
2 C Holdings Ltd	Share capital held by ChristchurchNZ	20.0%	-

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 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 financial statements of ChristchurchNZ. CBRGL has been inactive since 30 June 2017.



4 Investments in subsidiaries (continued)

2 C Holdings Ltd

2 C Holdings Limited acts as the holding company for the shares in 2 C Light Company Limited. ChristchurchNZ considers that they had no significant influence on this entity and has not accounted for 2 C as an associate. (The investment in 2 C Holdings was held by amalgamated entity CRIS Ltd in 2019).

5 Finance income and finance costs

	2020 \$'000	2019 \$'000
Interest income	<u>74</u>	<u>72</u>
Total finance income	<u>74</u>	<u>72</u>

6 Other funding

	2020 \$'000	2019 \$'000
Education New Zealand	122	115
Canterbury Regional Business Partners	491	512
Mackenzie District Council	256	178
District Councils	-	31
Environment Canterbury	263	410
CRIS Ltd	460	666
Ministry of Business, Innovation & Employment	310	205
ARA	96	90
Air New Zealand Ltd	-	797
Christchurch International Airport Ltd	50	300
Regenerate Christchurch	100	-
Greater Christchurch Partnership	43	-
Other	<u>470</u>	<u>772</u>
	<u>2,661</u>	<u>4,076</u>

ChristchurchNZ actively seeks to partner with third parties in order to amplify the funding received from Christchurch City Council. ChristchurchNZ enters into contracts for service with these parties in order to deliver specific project activity in line with the Statement of Intent Objectives. Revenue from these contracts is recognised as milestones are completed.

The 2019 funding received from Air New Zealand reflected contra activity.



7 Revenue from exchange and non-exchange transactions

	2020 \$'000	2019 \$'000
Exchange		
Christchurch City Council (CCC) funding	10	215
Other income	1,070	1,016
Other funding	1,251	1,218
Interest income	74	72
Total exchange	2,405	2,521
Non-exchange		
Christchurch City Council (CCC) funding	11,849	11,884
Other income	-	32
Other funding	1,433	2,858
Total non-exchange	13,282	14,774
Total exchange and non-exchange	15,687	17,295

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 ChristchurchNZ 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.

ChristchurchNZ considers that the nature of the transaction between itself and CCC is 'non exchange' in nature as the service value that ChristchurchNZ 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.

Similarly, other funding revenue has been classed as non-exchange revenue as the services are generally provided to the community rather than the funder. The impact of COVID19 contributed to the significant reduction in non-exchange 'other funding'.

8 Auditors remuneration

	2020 \$'000	2019 \$'000
<i>Auditors remuneration</i>		
Fees charged by Grant Thornton:		
Financial statement audit	49	54
	49	54

The audit fee includes fees for the holding company, ChristchurchNZ Holdings Ltd.



9 Cash and cash equivalents

	2020 \$'000	2019 \$'000
Cash at bank and in hand	2,803	1,415
Short term deposits maturing within 3 months	-	1,004
Total cash and cash equivalents	2,803	2,419

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

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

10 Trade debtors and other receivables

	2020 \$'000	2019 \$'000
Exchange		
Trade debtors	207	2
Accrued revenue	33	8
Other receivables	-	5
Total debtors and other receivables from exchange transactions	240	15
Non-exchange		
Trade debtors	200	371
Total debtors and other receivables from non-exchange transactions	200	371
Total debtors and other receivables	440	386

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

As at 30 June 2020 all overdue receivables have been assessed for impairment and appropriate allowances made. All receivables are subject to credit risk exposure.

11 Inventories

	2020 \$'000	2019 \$'000
i-SITE stock at cost	63	67
Impairment of i-SITE stock	(63)	-
	-	67

At 30 June merchandise stock that was not returnable was impaired to nil due to the mothballing of the i-SITE.



12 Property, plant and equipment

	Capital work in progress \$'000	Office equipment \$'000	Furniture and fittings \$'000	Motor vehicles \$'000	Leasehold improvements \$'000	Computer equipment \$'000	Total \$'000
Cost							
Balance as at 1 July 2018	-	58	527	71	2,222	214	3,092
Additions	123	-	40	-	-	49	212
Disposals	-	-	-	-	(6)	-	(6)
Balance at 30 June 2019	123	58	567	71	2,216	263	3,298
Additions	(38)	-	95	-	-	35	92
Disposals	-	-	-	-	-	-	-
Impairment charge recognised in profit and loss	-	-	(22)	-	(265)	-	(288)
Balance at 30 June 2020	85	58	640	71	1,951	298	3,102
Accumulated depreciation							
Balance as at 1 July 2018	-	37	177	44	528	115	901
Depreciation charge	-	7	65	8	267	59	406
Balance at 30 June 2019	-	44	242	52	795	174	1,307
Depreciation charge	-	5	75	6	273	55	414
Balance at 30 June 2020	-	49	316	58	1,068	228	1,720
Carrying amounts							
As at 30 June 2019	123	14	325	19	1,421	89	1,991
As at 30 June 2020	85	9	324	13	883	70	1,384

At 30 June the fitout of the i-SITE was impaired (\$288k) due to the mothballing of the i-SITE for the foreseeable future as a result of the impact of COVID19. The impairment provision will be reversed if the i-SITE reopens.

13 Intangible assets

	Intangibles \$'000	Total \$'000
Year ended 30 June 2019		
Opening net book amount	293	293
Additions	29	29
Amortisation charge	(118)	(118)
Closing net book amount	<u>204</u>	<u>204</u>
At 30 June 2019		
Cost	546	546
Accumulated amortisation and impairment	(342)	(342)
Net book amount	<u>204</u>	<u>204</u>
Year ended 30 June 2020		
Opening net book amount	204	204
Additions	393	393
Amortisation charge	(166)	(165)
Closing net book amount	<u>431</u>	<u>431</u>
At 30 June 2020		
Cost	938	938
Accumulated amortisation and impairment	(507)	(507)
Net book amount	<u>431</u>	<u>431</u>

14 Trade creditors and other payables

	2020 \$'000	2019 \$'000
Trade payables	801	1,030
Non-trade payables and accrued expenses	254	262
Provisions	258	-
Other payables	-	11
GST payable	270	112
Total creditors and other payables	<u>1,583</u>	<u>1,415</u>

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.

At 30 June 2020 ChristchurchNZ recognised an 'onerous contract' provision for obligations attached to the i-SITE operation which has been mothballed for an indefinite period due to the impact of COVID19.

15 Employee entitlements

	2020 \$'000	2019 \$'000
Holiday pay	306	289
Other employee entitlements	4	170
Total employee entitlements	<u>310</u>	<u>459</u>



16 Income in advance

	2020 \$'000	2019 \$'000
MBIE	-	150
Business partner fees from industry operators	69	124
Christchurch City Council	236	-
ECAN	186	175
Kiwinet	100	-
Regenerate Christchurch (novated to Christchurch City Council)	322	-
Other	502	647
Total income in advance	1,415	1,096

ChristchurchNZ holds income in advance for exchange contracts where milestones are yet to be completed.

At 30th June 2020 Regenerate Christchurch Ltd (a joint Crown and CCC owned entity) was formally dis-established. Responsibility for the residual activities of Regenerate was passed to CCC who resolved that CNZ would undertake the residual activities on its behalf. At 30 June ChristchurchNZ received income from Regenerate Christchurch via a contract to assist with the post dis-establishment residual activities of Regenerate, for the period 1 July to 31 December 2020.

17 Share capital

1,000 ordinary shares have been issued with no par value (2019: 1,000).

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



18 Reserves

The following Board approved reserves existed at balance date:

	2020 \$'000	2019 \$'000
Project Reserves	762	51
Greenhouse Operations Reserve	150	31
Major & Business Events Reserve	1,493	880
CRBP COVID19 Support Reserve	177	-
Total Reserves	2,582	962

The CNZ Board have approved the creation of Reserves where funding is appropriated for a particular purpose.

CNZ received \$1.05m of LTP funding in 2020 from CCC as 'Seed' funding for delivery of the Major & Business Events strategy (2019: \$1.05m). This revenue is recognised through the Statement of Comprehensive Income when it is received and the unspent portion is reserved for future periods, as delivery of the Events program extends across future financial years. In the current year several events were postponed until future periods as a result of COVID19, which contributed to an increase in the Major & Business Events reserve of \$613k.

The Greenhouse Operations Reserve was increased by \$150k to reflect revenue tagged to support the operating costs associated with the final year of the lease on the premises in Lichfield St.

As a result of the impact of COVID19 CNZ was not able to complete some of the Project Activity that was planned for the 2020 financial year. In response to this situation the Board have approved the creation of specific project reserves (\$630k) to enable this activity to be completed in future financial periods.

The CNZ Board approved a \$200k contribution to Canterbury Regional Business Partners Ltd to provide support to businesses impacted by COVID19. This commitment was made in response to the immediate needs of the business community and prior to confirmation of Central Government funding for this activity. At year end \$23k had been expensed as part of this program with the remaining \$177k reserved, pending reconciliation of Central Government funding for this initiative.



19 Income tax

	2020 \$'000	2019 \$'000
Current tax	(8)	13
Prior period adjustment	(3)	-
Deferred tax	<u>3</u>	<u>(23)</u>
Tax expense/(benefit)	<u>(8)</u>	<u>(11)</u>
Relationship between tax expense and surplus or deficit		
Surplus/(deficit) before tax	850	683
Tax at 28%	238	191
Plus/(less) tax effect of:		
Non-assessable income	(3,505)	(3,430)
Non-deductible expenses	3,259	3,224
Tax effect of subvention payments	-	-
Under/(over) provided tax	<u>-</u>	<u>4</u>
Tax expense/(benefit)	<u>(8)</u>	<u>(11)</u>
Income tax receivable/ (payable)		
Opening balance	23	61
Prior period adjustment	3	(18)
Current years tax expense	8	-
RWT refunded	-	(38)
RWT paid current year	<u>64</u>	<u>18</u>
	<u>98</u>	<u>23</u>

20 Deferred tax assets

	2020 \$'000	2019 \$'000
The balance comprises temporary differences attributable to:		
Tax losses	30	30
Employee benefits	<u>17</u>	<u>21</u>
Total deferred tax liabilities	<u>47</u>	<u>51</u>

	2020 \$'000	2019 \$'000
Movements		
At 1 July	51	27
Charge to tax expense	<u>(4)</u>	<u>23</u>
At 30 June	<u>47</u>	<u>51</u>



21 Financial instruments

(a) Financial instruments

Classification of financial instruments

All financial liabilities held 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.

	2020 \$'000	2019 \$'000
Investment Assets (FVTSD)		
Shareholdings	<u>252</u>	<u>274</u>
Total	<u>252</u>	<u>274</u>
Loans and receivables (amortised cost)		
Cash and cash equivalents	2,803	2,419
Receivables	440	386
Short-term deposits	<u>4,903</u>	<u>1,015</u>
Total loans and receivables (amortised cost)	<u>8,146</u>	<u>3,820</u>
Trade creditors and other payables (amortised cost)		
Payables	801	1,030
Non-trade payables and accrued expenses	254	262
Provisions	258	-
Other payables	-	11
GST payable	<u>270</u>	<u>112</u>
Total trade creditors and other payables (amortised cost)	<u>1,583</u>	<u>1,415</u>

(b) Strategy in using financial instruments

ChristchurchNZ'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 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 CNZ to enter into any transactions that are speculative in nature.

(c) Credit risk

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

There are no significant concentrations of credit risk as ChristchurchNZ only invests funds with registered banks which have a high Standard and Poors credit rating.

ChristchurchNZ did not have any credit facilities at balance date.

(d) Market risk

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

Currency risk

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



21 Financial instruments (continued)

(d) Market risk (continued)

Market price risk

ChristchurchNZ (via amalgamated entity CRIS Ltd) 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 has valued the investment at the market price. For non-market shares ChristchurchNZ has sought to minimise the market risk by valuing these investments at cost.

Interest rate risk

ChristchurchNZ is subject to cash flow interest rate risk due to fluctuations in the prevailing levels of market interest rates. ChristchurchNZ'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 will encounter difficulty raising liquid funds to meet commitments as they fall due. ChristchurchNZ manages this risk by maintaining sufficient cash and cash equivalents to meet liabilities when due.

22 Capital management

ChristchurchNZ's capital is its equity, being the net assets represented by retained earnings and other equity reserves. The primary objectives of the ChristchurchNZ capital management policy is to ensure healthy capital ratios are maintained in order to support its activities. ChristchurchNZ 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.

23 Investments

ChristchurchNZ has previously made equity investments in and/or loan advances to entities via the operations of amalgamated entity CRIS Ltd, including investments 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.



24 Related party transactions

i) Controlling entity and ultimate controlling entity

The controlling and ultimate controlling party of ChristchurchNZ (CNZ) is ChristchurchNZ Holdings Ltd (CNZH) and Christchurch City Council (CCC) respectively.

CNZH is a holding company only and CNZ does not transact with CNZH.

During the period CNZ received funding from CCC of \$11.8m relating to the Levels of Service with CCC (2019:\$12.1m). CNZ also received \$150k of funding not related to Levels of Service Delivery that has been retained as revenue in advance at June 2020. At 30 June CNZ had an intercompany receivable from CCC of \$172k.

During the period CNZ also received sundry revenue of \$10k and made payments of \$11k to CCC. CNZ also received \$131k from CCC, paid on behalf of the Greater Christchurch Partnership.

ii) Key management personnel and remuneration

CNZ classifies its key management personnel into one of three classes:

- Members of the Governing Body
- Chief Executive Officer, responsible for reporting to the governing Body
- Senior Leadership Team responsible for the operation of the company and reporting to the Chief Executive Officer

Members of the Governing Body receive \$35k per annum and the Chair receives \$70k (paid quarterly).

The Chief Executive and Senior Leadership Team are employed as employees of the Company on normal employment terms.

The aggregate level of remuneration paid and number of persons (measured as full time equivalents) in each class of key management personnel is presented below:

	2020		2019	
	Remuneration	# of individuals	Remuneration	# of individuals
Members of the Governing Body	187	4.6	210	5
On behalf of members of the Governing Body	70	2.0	70	2
Senior Executive Officers	342	1.0	339	1
Senior Leadership Team	<u>1,236</u>	<u>5.7</u>	<u>1,185</u>	<u>6</u>
	<u>1,835</u>	<u>13</u>	<u>1,804</u>	<u>14</u>

Directors fees are reviewed periodically by CCHL on behalf of the shareholder. The total remuneration received by the Directors of CNZ during the period was \$257k. Of this amount \$70k was paid as a donation to the Mayoral Welfare Fund on behalf of the Councillor Directors (2019: Mayoral Welfare Fund \$30k, Imagination Station \$40k).

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

In response to the funding challenges created by COVID19 the Board and the CEO have elected to reduce their remuneration by 20% for the six months from 1 July 2020.



24 Related party transactions (continued)

iii) Other Related Parties

All related party transactions that CNZ has entered into during the year occurred within a normal client/supplier relationship and under terms that prevail in similar transactions. Transactions with related entities are summarised below:

		Revenue from related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
Transactions with related entities					
NZ Food Innovation South Island	2020	5	-	-	-
	2019	26	-	-	-
CRIS Ltd	2020	594	-	-	-
	2019	808	-	191	-
VBASE Ltd	2020	7	71	-	-
	2019	4	-	-	-
Christchurch International Airport (CIAL)	2020	60	60	-	-
	2019	329	33	3	-
Canterbury Regional Business Partners	2020	491	-	45	27
	2019	512	-	49	-
Peacock Consulting Ltd	2020	-	9	-	-
	2019	-	10	-	-
Regenerate Christchurch	2020	136	1	-	-
	2019	-	-	-	-
Red Bus Limited	2020	-	9	-	-
	2019	-	9	-	5
Ministry of Awesome	2020	-	22	-	16
	2019	-	45	-	-
Black Cat Group 2007 Ltd	2020	1	-	-	-
	2019	7	-	1	-
The Christchurch Foundation	2020	21	-	-	-
	2019	9	-	-	-
ARA	2020	96	-	-	-
	2019	91	-	-	-
Ngai Tahu Tourism Ltd	2020	-	-	-	-
	2019	6	-	7	-
BOMA	2020	-	1	-	-
	2019	-	89	-	-
Development Christchurch	2020	46	-	-	-
Lyttelton Port Company	2020	19	-	-	-
Entrada Travel Group	2020	1	-	-	-

At 30 June 2020 CNZ had revenue in advance of \$322k received under contract from Regenerate Christchurch for the completion of Regenerate residual activities (see Note 16).



25 Contingencies

As at 30 June 2020 ChristchurchNZ had no contingent liabilities or assets (2019: Nil).

26 Capital commitments

ChristchurchNZ had no capital commitments at 30 June 2020 (2019: \$Nil).

Operating leases

	2020 \$'000	2019 \$'000
Within one year	525	597
Later than one year and not later than five years	1,915	2,140
Later than five years	966	1,505
Total non-cancellable operating leases	3,406	4,243

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

ChristchurchNZ has 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 and of a sub-lease agreement for the property known as "Greenhouse" in Lichfield Street. The above figures are inclusive of lease costs for the i-SITE location which are the subject of an onerous contract provision (see Note 14).

ChristchurchNZ also has operating leases for items of office equipment.



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

	2020 \$'000	2019 \$'000
Surplus/(deficit) after tax	858	694
Add/(less) non-cash items		
Depreciation	580	530
Impairment	288	-
Onerous Contract & Stock Provision	321	-
Add/(less) movements in working capital items		
(Increase)/Decrease in debtors and other receivables	87	420
(Increase)/Decrease in prepayments	397	(316)
(Increase)/Decrease in stock	67	12
(Increase)/Decrease in interest receivable	(29)	6
(Increase)/Decrease in RWT paid	(92)	36
Increase/(Decrease) in creditors and other payables	(509)	261
Increase/(Decrease) in income tax payable	(8)	(11)
Increase/(Decrease) in income in advance	319	(353)
Increase/(Decrease) in employee entitlements	(119)	(13)
Net movement in working capital items	111	42
Net cash inflow/(outflow) from operating activities	2,158	1,266

28 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. COVID19 continues to have a significant impact on the local economy and the ability of CNZ to raise third party revenue, however, shareholder funding has been confirmed (see Going Concern note). The i-SITE remains mothballed for the foreseeable future and CNZ are seeking to sub-lease a portion of this space to a third party.



29 Performance against Statement of Intent Targets

ChristchurchNZ is a public benefit entity charged with responsibility for stimulating sustainable economic growth for a more prosperous Ōtautahi Christchurch. In delivering its service performance activities CNZ seeks to form effective partnerships with the public and private sector and to ensure strategic alignment with CCC community outcomes.

CNZ is committed to articulating the value it delivers to the community, its partners and funders. In the 2020 financial year CNZ implemented a series of outcome focused measures to track progress against ten-year goals. These goals included internal measures (employee engagement, health & safety, carbon foot-print, external revenue) and a strong focus on external targets designed to increase the prosperity of Ōtautahi:

- Generating an increase in GDP
- Adding/Attracting high value jobs
- Improving the performance of existing businesses
- Increasing visitor spend
- Raising the perception of Christchurch.

During the year ended 30 June 2020 CNZ progressed the development of metrics for the measurement of progress on the achievement of these long-term goals.

The specific performance targets for the 2020 year are those reflected in the Statement of Intent that are derived from the Annual Levels of Service CNZ agrees with Christchurch City Council (CCC) as part of the Long Term Plan (LTP). In the year ended 30 June 2020 COVID19 impacted the delivery of several performance targets and may impact the ability to meet these targets in the future.

A summary of the various service levels and progress against the target in the period is provided in the table below:

	Level of Service (Service Plan 2018 - 28)	Target 2019 - 2020	Status
1.0	ChristchurchNZ provides leadership in inclusive and sustainable economic development for Christchurch	Strategies are reviewed regularly – CEDS	Achieved
1.1		Convene 2 city leadership discussions to review progress and recommend actions towards the 10 year goals	Achieved
1.2		4 Quarterly Economic Reports produced and available on the ChristchurchNZ website	Achieved
1.3		At least 6 Christchurch or Canterbury economic research reports completed	Achieved
1.4		Deliver face to face economic updates to at least 600 people	Achieved
1.5	ChristchurchNZ provides leadership in inclusive and sustainable economic for Christchurch – continued	Lead or provide significant input into at least 4 cross-agency or cross-industry working groups designed to deliver actions towards the 10-year goals	Achieved



29 Performance against Statement of Intent Targets (continued)

2.0	ChristchurchNZ facilitates the development of business with high growth potential	Businesses access business support or advice to at least 500 businesses.	Achieved
2.1		Net promoter score for business support services of +50 or more	Achieved
2.2		At least 3 initiatives to support targeted business challenges	Achieved
3.0	ChristchurchNZ supports an environment that encourages innovation, entrepreneurship and investment	Facilitate at least 2 opportunities to secure significant innovation businesses or investment into the city aligned with 10-year goals and priority focus areas	Achieved
3.1		Support at least 10 start-up / SME companies aligned with priority focus areas	Achieved
4.0	ChristchurchNZ leads the promotion and marketing of Christchurch and Canterbury to visitors	Christchurch Visitor Industry Situation report produced annually and available on ChristchurchNZ website	Achieved
4.1		At least 50 famils hosted and 10 trade events led or attended in priority markets	Achieved
5.0	ChristchurchNZ promotes Christchurch and Canterbury as a great place to hold business events and conferences	Prepare at least 30 city bids to attract business events to Christchurch	Achieved
5.1		At least 35% success rate for business event bid	Not Achieved (actual result 22%, the impact of Covid19 contributed to this target not being met).
6.0	ChristchurchNZ attracts, manages and sponsors the delivery of major events.	Portfolio of events delivered in line with the Major Events Strategy	Achieved
6.1		Major Events Seed Funding round delivered per annum	Achieved
7.0	ChristchurchNZ provides residents and visitors with information about events, activities and attractions on in Christchurch	30% increase social engagement year on year	Achieved
7.1		25% increase clicks to ChristchurchNZ website year on year	Not Achieved (COVID19 resulted in less visitors)



29 Performance against Statement of Intent Targets (continued)

8.0	ChristchurchNZ leads collaborative development and implementation of a city narrative.	Monitor month on month narrative toolkit traffic and activity to ensure consistently increasing engagement and usage	Achieved
8.1		Facilitate quarterly stakeholder engagement and business outreach initiative for nurturing city narrative through 4 initiatives	Achieved
9.0	Christchurch Visitor Information Centre provides services that visitors use	140,000 Christchurch i-SITE visitors	Not Achieved (Impacted by COVID19 and subsequent closure of the i-SITE)
9.1		9,100 Christchurch i-SITE visitor e-mail responses	Not Achieved (Impacted by COVID19)
9.2		i-SITE customer satisfaction level of at least 8.5 out of 10	Achieved
10.	Christchurch is recognised by Antarctic programme partners as being a quality Gateway city	Deliver actions as set out in the Antarctic Gateway Strategy implementation plan	Achieved



29 Performance against Statement of Intent Targets (continued)

Financial Performance Targets

Objectives	Performance	Status
Financial Performance meets shareholder expectations (budget).	<p>ChristchurchNZ meets or exceeds budgeted key performance measures.</p> <p style="text-align: right;">2020 \$000</p> <p style="text-align: right;">CCC Funding \$11,849</p> <p style="text-align: right;">Other Funding \$3,412</p> <p>Shareholders' Funds/Total Assets 73%</p>	<p>Achieved</p> <p>Achieved</p> <p>Not Achieved (71% Achieved)</p>
ChristchurchNZ's capital structure and funding model is appropriate for the nature of its business.	<p>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.</p> <p>CNZ maintains an adequate level of reserves to meet on-going commitments (circa six months of operations).</p>	<p>Achieved</p> <p>Achieved</p>
Treasury management policies and practices are consistent with best practice.	CNZ to review its Treasury Policy biennially.	Achieved
ChristchurchNZ Accounting Policy is consistent with shareholder requirements and complies with IPSAS.	Annual external audit reviews do not highlight any material issues.	Achieved
CNZ ensures best practice governance.	The CNZ Board maintains and adheres to a best practice governance manual.	Achieved
CNZ will meet shareholder expectations regarding reporting, no surprises and strategic input.	CNZ meets all shareholding reporting expectations. CNZ engage with CCC staff and elected members as required on relevant topics.	Achieved 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 and 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

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:

Dona Therese Arseneau
Timothy Peter Scandrett (resigned 5th December 2019)
Andrew David Turner
Roland van Bommel
Stephen John Barclay
Paul Jonathan Bingham
Michael John Davidson (appointed 5th December 2019)
Kaila Johanna Colbin (resigned 31st December 2019)

Corporate Governance Statement (continued)

Directors remuneration

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

	2020 \$'000	2019 \$'000
T Arseneau (Chair)	70	70
K Colbin	18	35
S Barclay	29	35
P Bingham	35	35
R van Bommel	35	35
Total	187	210

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.

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.

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

	2020	2019
\$000's		
100 - 109	4	4
110 - 119	4	4
120 - 129	2	1
140 - 149	3	-
160 - 169	-	1
170 - 179	1	2
180 - 189	1	-
200 - 209	2	1
210 - 219	1	-
220 - 229	-	1
240 - 249	1	-
330 - 339	-	1
340 - 349	1	-
	20	15

Corporate Governance Statement (continued)

Directors' Interests

The following entries were recorded in the interests register for the year ended 30 June 2020:

	Company	Interest
Dr T Arseneau	J. Ballantyne & Co Limited	Director
	Therese Arseneau Consulting Ltd	Director
	Christchurch Symphony Orchestra Trust	Chair
	Ara Institute of Canterbury	Chair
	Regenerate Christchurch	Chair
	Greater Christchurch Partnership Committee	Non-voting member
	Open Polytechnic NZ Ltd	Director
Cr A Turner	ChristchurchNZ Holdings Ltd	Chair
	Christchurch Foundation	Trustee
	Christchurch City Holdings Ltd	Director
	Ōtautahi Community Housing Development GP Ltd	Director
	Ōtautahi Community Housing Trust	Trustee
	Harbour Wind Ltd	Director/Shareholder
	Harbour Co-op	Shareholder
	Purple Cow Ltd	Shareholder
	Rod Donald Banks Peninsula Trust	Trustee
	Christchurch City Council	Deputy Mayor & Councillor
	Lyttelton Harbour Information Centre	Trustee
	Lyttelton Returned Services Association Trust	Trustee
	Banks Peninsula War Memorial Society	Trustee
	Okains Bay Maori & Colonial Museum	Trustee
Christchurch Heroes LGBTQI & Inclusive Sports Teams Charitable Trust	Trustee & Co-Chair	
ChristchurchNZ Holdings Ltd	Director	
Mr P 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
	Entrada Travel Group	Director
	All Blacks Experience	Director
	Fotografik Ltd (India)	Director
	Banks Peninsula Conservation Trust	Trustee
	ChristchurchNZ Holdings Ltd	Director
Mr S Barclay	Jennian Homes Tauranga East Ltd	Director/Shareholder
	Barclay Consulting Ltd	Director/Shareholder
	Marist Brothers Proprietors Board	Director
	Major Events Strategy Advisory Group, ChristchurchNZ	Chair
	Longbush Partnership Ltd	Shareholder
	ChristchurchNZ Holdings Ltd	Director
Mr R van Bommel	Asahi Holdings Australia (including associated companies)	Director
	Giesen Group	Advisor
	Pure Sports Nutrition	Chair/Shareholder
	Steens Honey	Chair
	ChristchurchNZ Holdings Ltd	Director
Cr M Davidson	Christchurch City Council	Councillor
	Urban Development and Transport Committee	Chair
	Greater Christchurch Partnership Committee	Member
	ChristchurchNZ Holdings Ltd	Director

Corporate Governance Statement (continued)

Other Interests

Joanna Norris	CRIS Ltd Canterbury Regional Business Partners Ltd University of Canterbury Business School Advisory Board	Executive Director Director Member
Louise Edwards - Independent Chair, Health, Safety, Audit and Risk Committee / Board Advisor	Wrattwards Trust Peacock Consulting Ltd NZCU Baywide Co-op Money Canterbury Business Recovery Trust JR McKenzie Trust National Provident Fund CCC Long Term Plan External Advisory Group Business Recovery Grants Programme Independent Panel	Trustee and Beneficiary Director / Shareholder Director Director Trustee Trustee Director Member Member
Tim Scandrett - Past Director (resigned December 2019)	TPS Consulting Ltd Civic Building Ltd VBL One Ltd (appointed 24 March 2016) Vbase Limited Showbiz Christchurch Christchurch City Council Innovation and Sustainability Committee	Director Director Director Chair Director Councillor Deputy Chair
Kaila Colbin - Past Director (resigned December 2019)	Ministry of Awesome Missing Link Consultants Ltd CORE Education Natural Gourmet Institute Digital Economy and Digital Inclusion Ministerial Advisory Group Boma Global Boma NZ	Co-founder & Trustee Managing Director Deputy Chair Chair Member Co-founder Founder and Chief Executive

Corporate Governance Statement (continued)

Director transactions

A record of interests in specific transactions with the company which have been notified to the company by any director in accordance with section 140 of the Companies Act and Conflicts of Interest Policy:

	Company	Interest	Disclosure
Kaila Colbin	Boma NZ	Founder and Chief Executive	Boma NZ has been awarded the contract (through an RFP process) for the ETHOS Event - November 2019
	Missing Link Consultants Ltd	Managing Director	
	Ministry of Awesome	Co-founder & Trustee	TEDx received CNZ funding for marketing Christchurch event - August 2019. Received funding from CNZ as a start-up activator contract (CPN). Receives contract funding from CNZ.
Therese Arseneau	Ara Institute of Canterbury	Chair	Revenue received from ARA under contract with CNZ for provision of student advocacy services

