

**Wellington Regional Economic Development Agency Limited
Annual Report for the year ended 30 June 2015**

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Chair's Report

Right now, Wellington is taking ownership of its future.

The Wellington Regional Economic Development Agency (WREDA) was brought together to help this unique region unlock its potential. Through amalgamation, an organisation was created with unprecedented capacity to promote, facilitate and drive economic growth throughout Wellington.

This annual report details the legal and financial birth of WREDA. A transitional document, it covers a period during which the constituent entities were amalgamated, each continuing to deliver outstanding results in their respective domains. As this report goes to print, WREDA is an operational reality and our inaugural Chief Executive, Chris Whelan, has arrived to lead us into a new era.

On behalf of the Board and Chief Executive, I offer heartfelt thanks to the management, staff and boards of the prior organisations for assisting us to navigate the last 12 months so well. In partnership with the half a million people who make Wellington their home, WREDA is ready to show the world that this truly is 'the place of the possible'.

**Naku te rourou nau te rourou ka ora ai te iwi
*With your basket and my basket the people will live.***

THE PURPOSE OF ESTABLISHING WREDA

WREDA was established for the purpose of improving economic outcomes for the Wellington region. We aim to develop a more cohesive focus; harnessing our existing strengths and opportunities to deliver a more integrated programme of activities, which will achieve more effective economic growth results for the region, along with a distinctive regional positioning plus greater credibility and influence for the region.

BACKGROUND

In 2014, following public consultation, the nine councils in the Wellington region agreed to combine the economic development, tourism, venues and major events functions and activities of the Wellington City Council (WCC) and the Greater Wellington Regional Council (GWRC) into a single council controlled organisation (CCO) - the Wellington Regional Economic Development Agency (WREDA).

WREDA was created by merging Grow Wellington and its subsidiary Creative HQ (owned by GWRC on behalf of the region) with Positively Wellington Tourism and Positively Wellington Venues (WCC). An existing CCO, Wellington Venues Limited, was renamed WREDA and in December 2014 acquired the activities of Positively Wellington Tourism, Grow Wellington and Creative HQ. Major Events (WCC) will be transferring during the 2015/16 year.

The merger is designed to increase the economic growth in the region through better coordination of resources and activities, a more integrated focus and less duplication of systems and processes.

Political oversight of WREDA is via the Wellington Regional Strategy Committee (WRS Committee), comprising solely elected members.

WCC owns 80% of WREDA, with the remaining 20% owned by GWRC (on behalf of the region).

PROGRESS TO DATE

In December 2014, an independent WREDA Board was established, with nine members, selected for their range of knowledge and experience.

The WRS Committee produced a Letter of Expectation, outlining the areas and activities that WREDA was expected to facilitate, support and deliver to achieve regional economic growth and prosperity.

The WREDA Strategy, commonly called the Plan on a Page, was developed by the Board and has formed the basis of ongoing discussions and presentations throughout the region with a range of stakeholders.

Following an international search, Chris Whelan was appointed as Chief Executive and commenced with WREDA in early September 2015. Chris has vast experience in economic development, most recently as the Chief Executive of Accelerate Cape Town.

Regional stakeholder engagement has been, and will continue to be, a key activity for WREDA. In the months leading up to the arrival of the new Chief Executive, the WREDA Chair has visited and met with the region's councils, representatives and business leaders to listen and learn about the projects, challenges and opportunities that will drive the Wellington regional economy. This has been an important exercise, not just to meet and engage with the people involved, but to assist in identifying the direction that WREDA will need to set, and the actions required to do so. Informing the Board while maintaining these crucial relationships and connections has created a strong base from which Chris Whelan will implement the WREDA strategy.

The WREDA Board has also worked with the WREDA business entities to distill the core activities and business objectives that have enabled past success and to identify how these will be integrated within the new WREDA strategy for the future.

The WREDA Statement of Intent was produced and submitted to the WRS Committee and the shareholders in June 2015. It outlines a bold WREDA vision, while also acknowledging that, until the operational direction is established by the Chief Executive, existing business commitments and activities will continue. Integration and coordination of WREDA's business activities remains a work in progress, and continues to be guided by the question: "What does success look like for WREDA?" The answer will be reflected in a growing regional economy and a vibrant region which continues to attract business, investment, visitors, students, migrants, skills and opportunities.

FINANCIALS

The financial statements in this Annual Report cover the activities of Positively Wellington Venues for a period of 12 months, six months of Positively Wellington Tourism and six months of Grow Wellington and Creative HQ. Major Events will transfer to WREDA during 2015/16. The WREDA group had total revenues of \$15.8 million, the majority of which was received from the two shareholders, WCC and GWRC.

The WREDA Group made a loss of \$0.5 million due to the timing of revenue and expenditure between the first and second six months, as Positively Wellington Tourism and Grow Wellington became part of WREDA in the second six months.

If individual parts of the organisation were looked at on a full year financial basis there would be a small operating surplus.

LOOKING FORWARD

WREDA has been established at a time of great opportunity and challenge for the Wellington Region. Centrally located between Auckland, experiencing massive growth and expansion, and Christchurch, currently being rebuilt and energised, Wellington has retained its reputation as the Arts, Culture and Cuisine capital of New Zealand. The region already has a highly educated and skilled workforce, strong knowledge-based ICT and creative sectors, and a range of primary and manufacturing industries.

There are also new and expanding opportunities to be explored – in film, education, primary production, business and entrepreneur attraction and technology. Through the integration of internal resources, output and knowledge, WREDA has the opportunity to demonstrate the cohesive and efficient approach to growth that the region requires.

The Wellington region already has in place a number of components for success, namely, innovation, distinctiveness, connectedness and talent. We have drawn up a bold strategic plan, in accordance with our core values - driven, inclusive, rigorous, brave and creative.

We aim to:

- Identify, facilitate and drive opportunities to increase economic growth in the Wellington region
- Deliver an outstanding events and activity programme
- Make Wellington and the region exceptionally influential and connected
- Position Wellington as an acclaimed global hub of creativity, culture and technology and
- Create a compelling narrative that promotes the “Why Wellington” story

Some of the ways by which this may be achieved include:

- Identifying and filling skill gaps in the workforce

- Attracting more students, migrants and visitors
- Increasing job numbers
- Increasing and attracting business and investment opportunities
- Promoting economic growth across all sectors
- Preserving and enhancing the region's reputation

As at: 22 April 2015

WREDA: STRATEGIC PLAN ON A PAGE – 2015-2025

Vision: By 2025 Wellington will be the most prosperous, liveable and vibrant region in Australasia

Purpose: To advance the prosperity and liveability of the Wellington region

Enable strong and sustainable growth

- Enhance and strengthen competitive advantage sectors
- Nurture and grow entrepreneurs and emerging businesses
- Position the region as the destination of choice among quality companies/investors/migrants/visitors/students
- Retain existing significant businesses
- Engage and partner with regional Iwi
- Maximise the advantage of being the national headquarters of the public service
- Champion new infrastructure development and the optimisation of existing assets
- Encourage and drive collaboration and regional innovation to develop new commercial offerings and models

Deliver an outstanding events/activity programme befitting New Zealand's most vibrant region

- Produce a strategically-driven co-ordinated annual calendar of business, cultural and sporting events
- Attract and develop events that fit and amplify the region's positioning
- Significantly grow event reputation and attendance
- Provide a venue offering that sets Wellington apart from the rest

Make WREDA and the Wellington region exceptionally influential and connected

- Win and retain the admiration and respect of regional, national and global leaders/influencers/stakeholders
- Enable the region to connect easily and quickly both internally and externally
- Grow an active champions network for the region among our key stakeholders

Position the Wellington region as an acclaimed global hub of creativity, culture and technology

- Retain/attract all national arts and cultural institutions
- Reinforce Wellington's uniqueness as the primary place for expressing New Zealand's nationhood
- Be renowned for design and innovation across regional offerings with a competitive/distinctive edge
- Ensure the events framework echoes this positioning
- Be the preferred location for New Zealand's creative talent

Create and sustain a compelling regional narrative

- Create globally recognised, audacious and well-targeted marketing campaigns
- Create a business development environment like no other
- Reconfirm pride of place to Wellingtonians
- Be an advocate for the interests of the Wellington region

Positioning

Wellington is packed with leaders, achievers, entrepreneurs, creators, thinkers, dreamers, doers and lovers of life. A place where ideas happen, enterprises grow, people live in style, connect with nature and find friends for life. Often wild, sometimes calm, but always alive with an energy and enthusiasm that makes the region the place of the possible.

Values Driven; Inclusive; Rigorous; Brave; Creative

Our vision is that by 2025, Wellington will be the most prosperous, liveable and vibrant region in Australasia.

We know that successful cities and regions work hard to create the right environment for growth and innovation to flourish. Wellington already has many of these success factors in place – compact, connected and collaborative. We are also ideally situated at the home of central government to develop and strengthen key relationship, information-sharing and advocacy roles.

Within WREDA we will create and foster the same culture and environment that we aim to support elsewhere. We will work smarter with what we've got and “capitalise” on this to connect, support, advocate, network and influence the “game changers” that will lead to economic growth.

The highlights in the following pages outline some of the recent successes of the WREDA business units – but future success for WREDA will be measured, not by individual efforts and outputs, but by collective regional outcomes. Current measures of success will be expanded, as WREDA establishes and extends its influence and activity across all key sectors. WREDA will be judged in the future by the extent to which we have enabled business, culture and all types of investment to thrive and drive growth within the Wellington regional environment.

Sector growth plans, either already commenced or completed, will form the basis of stronger relationships with all key sector stakeholders as well as coordinated action plans to more effectively leverage current activities. WREDA will play a pivotal role in connecting and communicating with sector leaders, assisting to identify needs and barriers and driving action plans.

Better integration and coordination within WREDA will allow us to identify economic growth opportunities from the various strands of WREDA activities, as well as from the businesses we connect with, and to drive, promote and amplify these. WREDA will continue to support events that inspire, projects that inform and businesses that innovate – and we will do this through deeper engagement and partnership, robust analysis of interventions, and influential advocacy.

In partnership with our shareholders, WREDA will progress a compelling and inspiring marketing programme to attract the business investment, skills, people and jobs that will drive regional growth. From this will also come energy, diversity, and vibrancy – to enhance the region's reputation and desirability as “The Place of the Possible” – the place where people and business want to be.

ACTIVITY HIGHLIGHTS

The WREDA entities – Grow Wellington, Positively Wellington Tourism and Positively Wellington Venues have operated on a 'business as usual' basis for most of 2014/15. Their performance highlights are set out below.

Grow Wellington

Grow Wellington has a focus on building business capability and growing sector scale, along with attracting business, investment, talent and students to the region.

Together with subsidiary company and start-up incubator Creative HQ, we have built momentum in the 2014/15 year, exceeding many of the targets set with our stakeholders.

Growing businesses

As the Regional Business Partner for New Zealand Trade and Enterprise and Callaghan Innovation, we worked with over 400 businesses in the region to help them gain the expertise they need to build capability. We also helped them access over \$6.6 million of Research and Development grant funding.

Attracting talent

In a year that saw migration figures between Australia and New Zealand swing in New Zealand's favour, we took part in several initiatives to attract talented people to our region. On behalf of employers and recruiters, we presented at Job Expos and technology exhibitions in Sydney, Melbourne and Brisbane. With Positively Wellington Tourism we developed an online marketing campaign, 'Wellington Works', to help raise awareness of our presence at these events and put the region on the radar of Australian job seekers.

Our attendance at the South by Southwest interactive festival in Texas captured the attention of festival director, Shawn O'Keefe, and led to him moving to Wellington to take the role of Programme Director for our Lightning Lab Manufacturing project.

Accelerating startups

In a first for New Zealand, funding was secured to extend the Lightning Lab acceleration programme beyond digital to manufacturing companies in late 2015. Our inaugural Lightning Lab in Auckland resulted in \$2.7 million of investment offered to participating companies and a further \$3 million was raised from follow-up funding of the Lightning Lab 2014 cohort.

Networking with Silicon Valley

In May, we welcomed Bill Reichert (Managing Director of Garage Technology Ventures) and Adiba Barney (CEO of Silicon Valley Forum) to Wellington. We held a networking event to introduce Bill and Adiba to some of our most successful tech companies, and a pitching event, where the two Silicon Valley titans gave advice to seven early-stage Wellington businesses.

Following on from the tour, Bill and Adiba have asked Grow Wellington and other hosting agencies to invite select businesses to explore the Silicon Valley ecosystem and pitch to over 200 Silicon Valley investors and potential business partners.

Wider application of startup thinking

With the Ministry of Business, Innovation and Employment (MBIE), Creative HQ developed one of the world's first Government accelerators.

The R9 Accelerator brought together teams of entrepreneurs, developers, private sector specialists and government experts to work on projects that solve major pain points for New Zealand businesses and reduce their costs of dealing with government. Three out of the five participating teams received funding to proceed and are currently working on their respective solutions. As a result of the success of the R9 accelerator, MBIE have decided to run further GovTech acceleration programmes, starting with a second R9 accelerator.

Connecting tech

Our business attraction team visited the US twice to explore potential partnerships and investment opportunities for Wellington-based science and tech businesses and organisations. Grow Wellington and five Wellington science businesses were part of the New Zealand delegation at this year's TechConnect World conference in Washington, led by Callaghan Innovation. Three of the Wellington businesses won Innovation awards from the conference committee.

Wins and building the pipeline

This year's campaigns to attract new business to the region have resulted in new relocations and expansions worth an estimated \$4.1 million added to the economy each year. The pipeline now has an estimated additional economic value of \$132 million per annum. We seek to convert these leads by providing relevant information for decision making and developing bespoke relocation solutions for businesses. We are currently providing these services in the areas of ICT, business process outsourcing, screen and education.

Showcasing suppliers

Food and beverage production contributes around \$450 million to the region's GDP, with that number growing steadily since 2010. Over 50 of the Wellington region's top food and beverage suppliers exhibited at this year's Visa Wellington on a Plate Supplier Showcase, with products ranging from craft beer to gourmet meats. Primarily aimed at helping suppliers and chefs collaborate on the forthcoming festival, the Showcase is also a platform to build the profile of the region's food and beverage producers with national and international retail buyers.

Enabling filmmakers

Film activity in the region has continued to increase. Our Film Wellington office recorded a 12% increase in enquiries, a 27% increase in permits issued and a 59% increase in the number of shoot days recorded compared to last year. Wellington remains the country's film capital, with businesses in the region earning \$645 million from feature film revenue in the last financial year.

To assist film companies planning productions in Wellington, this year we developed a screen production guide for the region, outlining the different permitting processes, consents and regulations.

Empowering future entrepreneurs

We established and delivered the Venture Up mini accelerator with Young Enterprise Trust to provide experiential entrepreneurial education for high school graduates and first year university students. Following the inaugural programme, Creative HQ was awarded funding from the Ministry of Social Development and Callaghan Innovation to continue this initiative over the next three years.

Positively Wellington Tourism

Responsible for promotion of the capital as a destination, Positively Wellington Tourism manages domestic and Australian campaigns, event marketing, travel trade marketing, media programmes, Business Events Wellington, and digital marketing, as well as delivering WellingtonNZ.com, the city's primary online presence.

Tourism numbers this year were strong, and we met or exceeded almost all KPIs. Here are a few of our highlights.

More people, staying longer

More than 2.5 million commercial guest nights were spent in Wellington this financial year, our highest 12 month result since records began. Domestic guest nights were up by 4.5%, and international by 10.6%.

With guest arrivals at levels not seen since the Rugby World Cup, Wellington's average length of stay also hit record levels this year, above 2 days every month in the year for the first time. This gives Wellington one of the top average length of stay rates in the country.

It's never just a weekend

We teamed up with award-winning Kiwi filmmaker Robert Sarkies to produce a domestic campaign which highlights Wellington as a city made for weekends. Shot in more than 50 locations over just four days, the TV commercials showcase the variety, creativity, personalities and energy that make the capital one of New Zealanders' favourite weekend destinations. In the nine months following the campaign launch in October, domestic commercial guest nights in Wellington rose by 4.4% compared with the same period the year before.

Exhibition factor

We joined forces with Te Papa and the Dominion Museum to produce marketing campaigns for the exhibitions *Tyrannosaurs: Meet the Family*, *Gallipoli: The scale of our war* and *The Great War Exhibition*. All three exhibitions have been huge drawcards for the institutions, and our commercial guest night targets have been exceeded across all three exhibition periods.

Doing business

Our Business Events Wellington team hosted a record 108 familiarisation visits in the region. Leads and referrals of 100+ delegate events to our partners increased by 12%. Of the event opportunities that the team were involved with, 88 were successful, valued in excess of \$14.5 million.

Crossing the ditch

We extended the successful 'It's Never Just a Weekend When It's in Wellington' brand campaign into Australia with a mix of cinema, online and experiential activity in March and April. Sydneysiders were treated to a taste of Wellington on Martin Place with goodies from Wellington shared with them at The Wellington Lounge. 50,000 of our new look Wellington Guides were distributed in the Sydney Morning Herald, Melbourne Age and Time Out Sydney & Melbourne, while online and cinema activity received over a million impressions.

On our bikes

Aligning with Tourism New Zealand's special interest activity, we launched our very first cycling campaign encouraging Australians to experience the diverse range of cycling and lifestyle experiences across the region. Following attendance with Tourism New Zealand at Bupa Round the Bays, we launched a print, PR and digital content campaign. 5,000 regional cycling guides were distributed to Australian leisure cyclists. The campaign had a cumulative reach of over 2 million and drove almost 4,000 web visits to WellingtonNZ.com/Cycling.

Making connections

Jetstar's new services from Melbourne and the Gold Coast have added more than 130,000 seats annually. We took the opportunity to partner with Jetstar on a content-led digital campaign, showcasing Wellington's unique experiences to a combined market of nearly 5 million residents across the two destinations.

Providing resources

One of our major site development projects for the year was our online Resource Hub. This easy to use platform provides access to stock imagery and video, logos, brand guidelines, reports, plans, presentations, maps, guides and other marketing collateral. It's all free to download for partners and any other organisations promoting Wellington as a destination.

Making Christmas merry

The 2014 *Wondrous Wellington Advent Calendar* online campaign shattered records from its previous four years. Launch day, December 1, was the highest single traffic day on WellingtonNZ.com in history, with more than 31,000 visits. By the end of the 24-day campaign over 90,000 vouchers had been issued for Wellington hospitality and retail businesses in the lead up to Christmas.

Positively Wellington Venues

Managing six of Wellington's key venues - the Michael Fowler Centre, St James Theatre, The Opera House, TSB Bank Arena, Shed 6 and Academy Galleries - Positively Wellington Venues partners with hundreds of performance, business and community events every year. In 2014/15, it met or exceeded almost all performance targets, grew its contribution to the Wellington economy and improved the financial performance of the business. Here are some of the year's highlights.

Growing our audience

PWV hosted 326 performance and show events during the financial year, entertaining more than 300,000 people in total - a 10% increase on ticket holders compared with the year prior. A larger proportion of this growing audience were drawn to Wellington by the events, with out-of-town visitors making up 38% of the audience, up from 31% the previous year. In conventions and business events, we saw 4% growth. Sales for 'out-years' - forward bookings for business events over the next 2-3 years - were up by 15%. Altogether, our performance and business events contributed an estimated \$43.3 million to the economy - \$4.3 million up on the previous year, and \$1million ahead of target. However, there is more demand at some peak times than we currently have space for.

Supporting the region

From civic occasions to community causes and creative sector sponsorships for performing arts, we provided support to over 180 community hire days during the financial year, as well as over \$1.1million in sponsorship and support. We also supported city growth initiatives and regional economic development through hosting Wellington's business awards - the Gold Awards. Wellington regional produce and local chef talent will be further showcased across our venues, through our new preferred supplier contract with Restaurant Associates.

Wellington in the spotlight

Our annual trade expo, Show Me Wellington, held at TSB Bank Arena in September, once again showcased Wellington's business events industry to buyers from across New Zealand and Australia. More than 100 venue, hospitality, event and entertainment suppliers exhibited at the event, profiling their business to the \$140 million Meetings, Incentives, Conventions and Events (MICE) market.

As hosting organisation, PWV not only organised and delivered the event, but offered a seminar series to help exhibitors maximise the effectiveness of their Show Me Wellington presence.

Enhancing our assets

With considerable financial contributions from the Wellington City Council and with the assistance of the Performing Arts Foundation Wellington, a transformational \$4 million programme of venue and facility upgrades took place during the year.

New, retractable and mobile seating units at TSB Bank Arena increase both patron comfort and operational flexibility. At the St James Theatre we've improved the air handling system, and given the Hospitality Suite a facelift. Nearby, at the Opera House, backstage dressing rooms received a much-needed makeover, and we replaced the yellow plastic bucket seats in the Upper Gallery with comfortable, colour-coordinated, upholstered seating.

Most rewarding of all has been the restoration of the Opera House's foyer, dress circle galleries, boxes and proscenium arch to their former glory.

Taking care of business

WREDA aims to be a New Zealand exemplar in venue health and safety. During the year we undertook a health and safety management systems audit, to inform a programme of work that will not only comply with new legislation, but set a New Zealand benchmark.

As of this financial year, we operate the first and only venues in New Zealand with ISO Quality 9001 and Environmental 14001 certification. This certification was achieved across our entire asset portfolio, which, given the eclectic collection of buildings we manage and operate, is a major achievement.

This year, we also invested in an asset development plan, covering such issues as seismic strengthening through to reactive maintenance and renewals programmes. This forward planning will ensure that we stay ahead of the curve in protecting the assets we are entrusted with, and meeting the evolving needs of the market.

**Wellington Regional Economic Development
Agency Limited**

Financial Statements

30 June 2015

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Statement of compliance and responsibility

Statement of compliance

The Board and Management of the Wellington Regional Economic Development Agency Limited (WREDA, the Company and Group) confirm that all the statutory requirements in relation to this annual report, as outlined in the Local Government Act 2002 and the Companies Act 1993, have been met.

Statement of responsibility

The Board and Management accept responsibility for the preparation of the annual financial statements and judgements used in them and hereby adopt the financial statements as presented. They also accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting and service performance reporting. In the opinion of the Board and Management, the annual financial statements for the year ended 30 June 2015 fairly reflect the financial position, financial performance and service performance achievements of the Wellington Regional Economic Development Agency Limited and Group.

Overview

During the period, significant changes occurred within the organisation with the formation of WREDA. Further details of this can be found in the 'general information' of the accounting policies and notes 17 and 33 to the financial statements. WREDA was established on 5 December 2014 when Wellington Venues Limited was renamed the Wellington Regional Economic Development Agency Limited. Also, on 5 December 2014, WREDA received 100% shareholding in Grow Wellington Limited as an equity injection from the Wellington City Council. On 12 December 2014 WREDA accepted the transfer of assets, including liabilities, from Partnership Wellington Trust (trading as Positively Wellington Tourism). The date of effective control of Grow Wellington Limited and Positively Wellington Tourism is considered to be 1 January 2015 with their accounts included in the group results from that date.



Peter Biggs
Chair

22 September 2015



Paul Mersie
Chair Risk and Audit Committee

22 September 2015

Statement of Comprehensive Revenue and Expense

For the year ended 30 June 2015

	Note	Group	Parent
		2015 Actual \$	2015 Actual \$
			2014 Actual \$
Revenue			
Service revenue	4	6,929,244	3,940,026
Management fee	5	5,885,323	5,885,323
Interest revenue		37,202	27,642
Investment revenue		31,000	-
Rental revenue		57,914	30,142
Other revenue	6	<u>2,939,648</u>	<u>2,399,947</u>
Total revenue		15,880,331	12,283,080
Expenses			
Personnel costs	7	9,228,766	7,112,437
Directors fees	25	198,583	189,583
Depreciation and amortisation	10,11	72,416	36,186
Other expenses	8	<u>6,881,734</u>	<u>5,035,137</u>
Total Expenses		16,381,499	12,373,343
Surplus/(deficit) before income tax and subvention payment		(501,168)	(90,263)
Subvention payment		931	931
Income tax expense	9	<u>-</u>	<u>-</u>
Surplus/deficit for the year		(502,099)	(91,194)
Other comprehensive revenue and expense			
Movement in fair value of investment assets		<u>398,563</u>	<u>-</u>
Total comprehensive revenue and expense		(103,536)	(91,194)

The accompanying notes form part of these financial statements.

Significant operating activity occurred in the 6 months from 1 January 2015 (post-merger) resulting in a deficit for the Group. If individual operating units were looked at in isolation for a full financial year, all have tracked well against a small operating budget surplus.

Due to the transfer of assets (and trading activity of Positively Wellington Tourism) from Partnership Wellington Trust, the Parent has seen significant revenue and expenditure growth during the year.

Statement of Financial Position

As at 30 June 2015

	Note	Group 2015 Actual \$	Parent 2015 Actual \$	2014 Actual \$
ASSETS				
Current assets				
Cash and cash equivalents	16	1,650,995	843,978	164,988
Trade and other receivables	14	1,250,070	977,063	391,782
Prepayments		42,103	35,714	-
Inventories	13	<u>1,816</u>	<u>1,816</u>	<u>-</u>
Total Current assets		<u>2,944,984</u>	<u>1,858,571</u>	<u>556,770</u>
Non-current assets				
Investment in Grow Wellington Limited	17	-	1,577,137	-
Property, plant and equipment	10	362,477	122,874	-
Intangible assets	11	33,346	6,565	-
Other financial assets	15	46,569	46,569	-
Investments in incubator and accelerator companies	12	<u>1,400,992</u>	<u>-</u>	<u>-</u>
Total Non-current assets		<u>1,843,384</u>	<u>1,753,145</u>	<u>-</u>
TOTAL ASSETS		<u>4,788,368</u>	<u>3,611,716</u>	<u>556,770</u>
LIABILITIES				
Current liabilities				
Trade payables	19	1,248,629	731,548	-
Employee entitlements	18	756,049	543,978	393,476
Sundry creditors and accruals	20	765,475	624,068	49,970
Revenue in advance		330,386	91,223	-
Taxes and Kiwisaver payable	21	<u>213,228</u>	<u>133,957</u>	<u>113,224</u>
Total Current liabilities		<u>3,313,767</u>	<u>2,124,774</u>	<u>556,670</u>
TOTAL LIABILITIES		<u>3,313,767</u>	<u>2,124,774</u>	<u>556,670</u>
NET ASSETS		<u>1,474,601</u>	<u>1,486,942</u>	<u>100</u>
EQUITY				
Share capital		1,000	1,000	100
Capital injection from shareholder	17	1,577,137	1,577,137	-
Accumulated funds		(103,536)	(91,195)	-
TOTAL EQUITY		<u>1,474,601</u>	<u>1,486,942</u>	<u>100</u>

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the year ended 30 June 2015

	Note	Group	Parent	
		2015 Actual \$	2015 Actual \$	2014 Actual \$
Balance at 1 July		100	100	100
Issuance of new shares		900	900	-
Capital injection from shareholder	17	1,577,137	1,577,137	-
Total comprehensive revenue and expense for the year		<u>(103,536)</u>	<u>(91,195)</u>	<u>-</u>
Balance at 30 June		<u>1,474,601</u>	<u>1,486,942</u>	<u>100</u>

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the year ended 30 June 2015

	Note	Group	Parent	
		2015 Actual \$	2015 Actual \$	2014 Actual \$
Cash flows from operating activities				
Receipts from activities and other income		9,049,309	7,789,752	6,460,787
Receipts from Grants and Subsidies - Operating		6,515,026	3,940,026	-
Payments to suppliers/employees		(14,500,117)	(10,997,608)	(5,379,360)
Net GST paid		(69,979)	23,370	(877,937)
Income tax (paid) / received		(1,203)	(500)	(2,671)
Net cash flows from/(used in) operating activities		<u>993,036</u>	<u>755,040</u>	<u>200,819</u>
Cash flows from investing activities				
Interest received		37,202	27,642	1,507
Share sale receipts (CHQ incubator companies)		31,000	-	-
Acquisition of subsidiaries, net of cash	17	668,302	-	-
Held-to-maturity loan		(75,000)	(75,000)	-
Purchase of intangibles		(5,283)	-	-
Purchase of property, plant and equipment		(165,150)	(30,592)	-
Net cash flows from/(used in) investing activities		<u>491,071</u>	<u>(77,950)</u>	<u>1,507</u>
Cash flows from financing activities				
Assets transferred from Partnership Wellington Trust, net of cash	32	1,000	1,000	-
Proceeds from issue of share capital		900	900	-
Net cash flows from/(used in) financing activities		<u>1,900</u>	<u>1,900</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents		1,486,007	678,990	202,326
Cash and cash equivalents at beginning of period		<u>164,988</u>	<u>164,988</u>	<u>(37,338)</u>
Cash and cash equivalents at end of period		<u>1,650,995</u>	<u>843,978</u>	<u>164,988</u>

The accompanying notes form part of these financial statements.

Notes to the financial statements

For the year ended 30 June 2015

STATEMENT OF ACCOUNTING POLICIES

1. General Information

The Wellington Regional Economic Development Agency Limited (WREDA the company and Group) combines the activities, functions and funding of business units previously under the control of the Wellington City Council and the Greater Wellington Regional Council. WREDA now pools the resources of Grow Wellington limited (the region's economic development agency) and its subsidiary, Creative HQ Limited from the Greater Wellington Regional Council, with the resources of Positively Wellington Tourism and Positively Wellington Venues from the Wellington City Council.

WREDA aims to integrate, streamline, strengthen and, as required, modify the core activities of these organisations so that the Wellington Region's prosperity will be improved and its global reputation as a centre of creativity, enterprise, diversity and liveability will be enhanced. As a result, the Region will be more attractive to visitors, investors, migrants, students and entrepreneurial businesses, and will also retain existing enterprises and enable them to grow.

The Wellington City Council's wholly owned subsidiary, Wellington Venues Limited was incorporated under the Companies Act 1993 on 19 January 2011. Wellington Venues Limited name was changed to Wellington Regional Economic Development Agency Limited (WREDA Limited) on 5 December 2014. WREDA Limited remains domiciled in New Zealand and the address of its registered office is 111 Wakefield St, Wellington.

Also, on 5 December 2014, the Wellington City Council and the Greater Wellington Regional Council entered in a share transfer agreement to transfer 200 ordinary shares of the 1000 ordinary shares available in WREDA Limited to the Greater Wellington Regional Council in consideration for 100% in Grow Wellington Limited.

As a result of the share transfers, WREDA Limited is owned 80% by Wellington City Council and 20% by Greater Wellington Regional Council. WREDA Limited received 100% shareholding in Grow Wellington Limited as an equity injection from the Wellington City Council, also on 5 December 2014. Grow Wellington Limited has a wholly owned subsidiary, Creative HQ Limited.

On 12 December 2014, WREDA Limited accepted the transfer of assets including liabilities, free from all security interests, from the Partnership Wellington Trust. The activities of the Partnership Wellington Trust, trading as Positively Wellington Tourism also transferred to WREDA Limited on this date.

WREDA Limited remains a council controlled organisation as defined under section 6 of the Local Government Act 2002.

2. Summary of significant accounting policies

The principal accounting policies which materially affect the recognition, measurement and disclosure of items in the preparation of these financial statements are set out below.

2.1. Basis of Preparation

The financial statements of WREDA are for the year ended 30 June 2015. The financial statements were authorised for issue by the Board of Directors on 22 September 2015.

Statement of Compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). These financial statements comply with Public Benefit Entity (PBE) accounting standard.

WREDA is a public benefit entity that qualifies for Tier 2 reporting as total expenses are greater than \$2 million but less than \$30 million. The Company has elected to report in accordance with Tier 2 PBE standards with reduced disclosure requirements (PBE standards RDR) as defined by External Reporting Board (XRB) A1 framework.

Measurement Base

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities that have been measured at fair value or amortised cost. The accounts have been prepared on a going concern basis.

The financial report is presented in New Zealand dollars and all values are rounded to the nearest dollar unless otherwise stated.

Comparative Information

The comparatives shown in these financial statements are for the 12 months ended 30 June 2014. Comparatives relate only to the activities of Wellington Venues Limited.

Changes in Accounting Policies

There have been no elected changes in accounting policies during the financial period. Public Sector PBEs with reporting periods beginning on or after 1 July 2014 are required to transition to the new PBE Accounting Standards. The first time adoption of the new suite of Public Benefit Entity Accounting Standards with reduced disclosure requirements (PBE standards RDR) after having previously applying NZ IFRS PBE (differential reporting) or "old NZ GAAP" does not constitute a change in accounting policies.

2.2. Basis of consolidation

The consolidated financial statements comprise the financial statements of WREDA and its subsidiaries (the Group) as at 30 June 2015. A Group structure diagram is included in note 33.

Subsidiaries

Subsidiaries are all those entities over which WREDA (the company and Group) has the power to govern the financial and operating policies so as to obtain benefits from their activities.

Accounting policies of our subsidiary are aligned to ensure consistency with the policies adopted by the Company and Group. The financial statements of subsidiaries are prepared for the same reporting period as WREDA, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is lost. Assets, liabilities, income and expenses of a controlled entity acquired or disposed of during the year are included in the financial statements from the date the Group gains control until the date the Group ceases to control the controlled entity.

Business combinations

Business combinations are accounted for using the acquisition method. The acquisition method involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values.

Financial Assets

WREDA's financial assets include cash and cash equivalents, trade and other receivables, and loans receivable. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through surplus or deficit, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets are recognised on the date that the Group commits to purchase or sale of the asset.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

Subsequent measurement

For the purpose of subsequent measurement, financial assets are classified in two categories:

- (i) Loans and receivables
- (ii) Held to maturity investments

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method, less impairment. Losses arising from impairment are recognised in the Statement of Comprehensive Revenue and Expenses in finance and in cost of sales or other operating expenses for receivables.

This category generally applies to trade and other receivables.

(ii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when WREDA has the positive intention and ability to hold them to maturity. After initial measurement, held-to-maturity investments are measured at amortised cost using the effective interest rate method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognised in the Statement of Comprehensive Revenue and Expenses in other expenses.

Impairment of financial assets

Collectability of trade receivables is reviewed on an ongoing basis at an operating unit level. An impairment provision is recognised when there is objective evidence that the Group will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 120 days overdue are considered objective evidence of impairment. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

Investments in incubator and accelerator companies

The measurement of financial assets depends on their classification based on the purpose for which financial assets were acquired. Management determines the classification of financial assets at initial recognition.

Creative HQ Limited (CHQ), receives shares from clients involved in its incubation programme as part consideration for the services and support provided by CHQ and the Lightning Lab to the client. The shares received represent a small proportion of the total equity of the client company. These shares are investments in equity instruments that do not have a quoted market price in an active market and are designated as available for sale.

CHQ recognises the initial investment in the companies according to the programme the company is involved in, incubator programme or accelerator programme. Companies in the incubator programme do not have a value on initial recognition as no external investment has yet occurred and therefore the fair value of the initial investment is valued at nil.

Companies in the accelerator programme have initial recognition at fair value through other comprehensive revenue and expense. This is determined by the value per share based on the funding

provided to each company in the programme in exchange for equity in the company. As at 30 June 2015 the valuation of CHQ's investments is based on the price of the most recent investment made by external investors, unless there is evidence that the value of the investment should be adjusted as the performance of the investment is significantly below the expectations on which the investment was based, leading to a diminution in value.

The valuation of these investments is undertaken by CHQ using accepted industry guidelines. The International Private Equity and Venture Capital Valuation Guidelines (IPEV) have been accepted as the industry standard valuation guidelines and are based on the principle of 'fair value' and are reviewed following any relevant changes in accounting standards or market practices. The IPEV Guidelines provide a framework for private equity and venture capital investors to arrive at a fair value for their investments. The IPEV are of the view that compliance with PBE accounting standards can be achieved by following the guidelines.

IPEV Guidelines recommend that for early stage investments, where it is difficult to assess the future profitability of the company, fair value is generally determined by the price of the most recent investment. This methodology is appropriate until the circumstances of the company change such that an alternative valuation methodology (such as, but not limited to price/earnings analysis or discounted cash flow) is appropriate or there is evidence that the value of the investment should be adjusted. An adjustment is considered necessary where the performance of the investment is significantly below the expectations on which the investment was based, leading to a diminution in value. The level of adjustment can range from nil to 100% of the value.

A significant or prolonged decline in fair value of the investment below its cost is considered to be objective evidence of impairment. Where the asset is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the fair value reserve is reclassified from equity to profit or loss as a reclassification or adjustment. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive revenue and accumulated as a separate component of equity in the fair value reserve.

As at 30 June 2015 the valuation of CHQ's investments is based on the price of the most recent investment made by external investors, unless there is evidence that the value of the investment should be adjusted as the performance of the investment is significantly below the expectations on which the investment was based, leading to a diminution in value. CHQ is reliant on receiving recent investment information from incubator and accelerator companies directly through yearly information requests.

Impairment of non-financial assets

Assets with finite useful lives are reviewed for impairment whenever an event or change in circumstances indicates that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Revenue

Revenue may be derived from either exchange or non-exchange transactions and comprises grants, management fees, interest income, investment income, rental income and other revenue and is measured at the fair value of consideration received or receivable. Revenue is included in the Statement of Comprehensive Revenue and Expense unless stated otherwise.

(i) Revenue from exchange transactions

Revenue from exchange transactions arises where WREDA provides goods or services to another entity or individual and directly receives approximately equal value or greater in a willing arm's length transaction (primarily in the form of cash in exchange).

(ii) Revenue from non-exchange transactions

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

An inflow of resources from a non-exchange transaction recognised as an asset, is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As WREDA satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognizes an amount of revenue equal to that reduction.

Approximately equal value

Approximately equal value is considered to reflect a fair or market value, which is normally commensurate with an arm's length commercial transaction between a willing buyer and willing seller.

(i) Grants

Grants are in large received from shareholders Wellington City Council and Greater Wellington Regional Council but also from some Central Government organisations. Grants are recognised when received and all the conditions associated with the grants have been met. Where grants have been given for specific services, income will be recognised in the same period in which the specific service is provided. At balance date any unexpended specific funding is treated as a liability (income in advance).

(ii) Management Fee

WREDA manages venues on behalf of the Wellington City Council and receives Management fee revenue for those services. The venues currently managed on behalf of the Wellington City Council include the Michael Fowler Centre, St James Theatre, Opera House, TSB Bank Arena and Conference Centre (Shed 6). Management fee income is recognised in the accounting period in which the services are rendered.

(iii) Interest Revenue

Interest income is recognised as the interest accrues to the net carrying amount of the financial asset using the effective interest method.

(iv) Rental Revenue

Rental revenue is recognised on a straight line basis over the lease term.

(v) Other Revenue

Other revenue received includes fee revenue, capital raising success fees and sponsorships. Fee revenue received from incubator residents partly offsets the costs of running the incubator and is recognised when the future economic revenue is measurable and probable of future economic revenue being received.

Capital raising success fees received from the introduction of companies and individuals to Angel investors. These fees are received when those introduced raise capital. The fee is based on a negotiated percentage of the capital raised.

Sponsorships are received from third parties to partly cover the costs of running the subsidiary programmes and projects. Sponsors were linked to the programme and recognised in all promotions associated with the activity they sponsored. Sponsorships are recognised when measurable and probable of future economic benefits being received.

Other revenue received are from third parties to cover contracted and other services provided for the third party. These will include training courses, services provided to Education Wellington International and expenses recovered.

Property, Plant and Equipment

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

(i) Additions

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

(ii) Disposals

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the Statement of Comprehensive Revenue and Expenses.

(iv) Depreciation

Depreciation is charged on a straight-line basis on all property, plant and equipment other than land over the estimated useful life. Depreciation is charged to the Statement of Comprehensive Revenue and Expenses. The useful lives and associated depreciation rates have been estimated as follows:

Class of asset depreciated	Estimated useful life
Computer hardware	2-3 years
Equipment	2-8 years
Furniture and fittings	3-10 years

(v) Subsequent Costs

Subsequent costs for property, plant and equipment are capitalised only when future economic benefits or service potential will flow to the Group and the cost of the item can be measured reliably.

(vi) Capital work in progress

Capital work in progress is recognised at cost less impairment and is not depreciated. The total cost of a project is transferred to the relevant asset class on its completion and then depreciated.

Intangible assets

Intangible assets that are acquired, which have finite useful life, are measured at cost less accumulated amortisation and accumulated impairment losses. The useful lives and associated amortisation rates have been estimated as follows:

Computer Software	3 years
Website	3 years

(i) Amortisation

Amortisation is recognised in the Statement of Comprehensive Revenue and Expenses on a straight-line basis over the estimated useful lives of the intangible assets. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised.

(ii) Computer Software

Acquired software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. The costs associated with maintaining computer software are recognised as an expense when incurred.

(iii) Website Maintenance

Costs associated with developing websites are recognised as an intangible asset where it can be demonstrated that the asset will generate probable future economic benefits or service potential. Costs associated with maintaining websites are recognised as an expense when incurred.

Impairment of property, plant, and equipment and intangible assets

Property, plant, and equipment and intangible assets subsequently measured at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Assets are assessed for indicators of impairment at each financial period. Where an asset's carrying value exceeds its recoverable amount, the asset is impaired down to its recoverable amount, with losses recognised in the Statement of Comprehensive Revenue and Expenses.

External and internal sources of information are assessed for indications of impairment.

Inventories

Inventories are stated at the lower of cost and net realisable value (being the net selling price), with due allowance for any damaged and obsolete stock items.

Cost is based on the first-in-first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Net selling price is the estimated selling price in the ordinary course of business, less estimated cost of completion and estimated costs necessary to make the sale.

Any write-down in the cost of inventory to net realisable value is recognised in the Statement of Comprehensive Revenue and Expenses.

Creditors and Other Payables

Creditors and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers and are recorded at their face value. They are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

These amounts represent liabilities for goods and services provided to WREDA prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Operating Leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Payments made under operating leases are recognised in the Statement of Comprehensive Revenue and Expenses on a straight line basis over the term of the lease. Lease

incentives received are recognised as an integral part of the total expenses of the lease expense, over the term of the lease.

Personnel Costs

(i) Short-term benefits

Short-term employee entitlements are those that WREDA expects to be settled within 12 months of balance date and are measured at nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, and annual leave earned, but not yet taken at balance date.

(ii) Superannuation scheme

Obligations for contributions to KiwiSaver are accounted for as defined contribution superannuation schemes and are recognised as an expense in Statement of Comprehensive Revenue and Expenses when incurred.

Provisions

The Group recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event. It is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as a finance cost.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Parent from a contract are lower than the unavoidable cost of meeting its obligation under the contract.

Income Tax

Income tax expense includes components relating to both current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the statement of financial position and the corresponding tax bases used in the computation of taxable profit.

Deferred tax is measured at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

Goods and Services Tax (GST)

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Balance Sheet.

Commitments and contingencies are disclosed exclusive of GST.

Equity and Share Capital

Equity is Wellington City Council and Greater Wellington Regional Council's interest in WREDA, being a council controlled organisation, as measured by total assets less total liabilities. Equity has been classified into various components to identify those portions of equity held for specific purposes. These components of equity are:

- Accumulated funds
- Share capital
- Capital injection from shareholder
- Available for sale reserves

Related Parties

Related party means parties that are considered to be related if one party has the ability to (a) control the other party, or (b) exercise significant influence over the other party in making financial and operating decisions, or if the related party entity and another entity are subject to common control.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client / recipient relationship on terms and conditions no more or less favourable

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

Related party disclosures have also not been made for transactions with entities within the Council Group (such as funding and financing flows), where the transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such group transactions.

Related parties include key management personnel, directors and their close family members and entities controlled by them. Key management personnel are the chief executives of WREDA and Subsidiaries. Subsidiaries are also related parties due to WREDA's influence over them.

3. Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reporting amounts of assets and liabilities, income and expenses and the accompanying disclosures, and the disclosure of contingent liabilities. Where material, information on major assumptions is provided in the relevant accounting policy or will be provided in the relevant note.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances

In distinguishing between exchange and non-exchange revenues, substance rather than the form of the transaction should be considered. Professional judgement is exercised in determining whether the substance of a transaction is that of a non-exchange or an exchange transaction.

In assessing if an impairment of property, plant, equipment and intangible assets was required, WREDA considered the plans to discontinue or restructure the operation as a result of the merger and the effect any merger will have on the useful life of the assets or the ability to generate continued cash from the assets. No impairment is considered necessary.

Uncertainties are inherent in estimating fair value of the investments in incubator and accelerator companies and care has been made in exercising judgement and making the necessary estimates. Accounting standards require a gain or loss on fair value of these investments to be recognised in surplus or deficit but there is no certainty that any gain or loss based on the estimate of fair value will actually be realised if a sale was completed.

Notes to the financial statements (continued)

4. Service Revenue

	Group 2015	2015	Parent 2014
Total	<u>6,929,244</u>	<u>3,940,026</u>	<u>-</u>

Service revenues are grants received by WREDA in large from its shareholders Wellington City Council & Greater Wellington Regional Council as well as some central Government organisations. Service revenues are used to further economic development in the Wellington Region.

5. Management Fees

	Group 2015	2015	Parent 2014
Total	<u>5,885,323</u>	<u>5,885,323</u>	<u>5,585,486</u>

Management fees are earned from managing venues owned by Wellington City Council. Fees are chargeable at a value equivalent to the aggregate of employee and directors' costs contained within the Parent's venue management division.

6. Other Revenue

	Group 2015	2015	Parent 2014
Wellington i-SITE Visitor Information Centre revenue	1,418,285	1,418,285	-
Partner revenue	854,899	854,899	-
Cruise shuttle revenue	104,633	104,633	-
Fees for service, non-government	561,831	22,130	-
Total	<u>2,939,648</u>	<u>2,399,947</u>	<u>-</u>

7. Personnel Costs

	Group 2015	2015	Parent 2014
Salaries and wages	8,842,729	6,876,403	5,274,634
Kiwisaver contributions	191,685	137,624	97,662
Increase/(decrease) in employee entitlements	63,056	26,980	(11,442)
Other personnel costs	131,296	71,430	47,397
Total personnel costs	<u>9,228,766</u>	<u>7,112,437</u>	<u>5,408,251</u>

Due to the nature of Economic Development and Venue Management, the Group and Parent have a significant portion of expenditure as costs associated with personnel.

Notes to the financial statements (continued)

8. Other Expenses

	Group 2015	2015	Parent 2014
Advertising, printing and publications	3,642,739	3,337,880	-
Audit fees	70,669	34,686	17,000
Consultants and legal fees	119,831	60,434	16,385
Contractors	361,693	-	-
Direct costs	1,470,848	1,288,472	-
Grants and contributions	116,957	-	-
Information and communication technology	260,706	94,158	200
Loss on disposal of asset	282	282	-
Leased copiers and office equipment	9,627	-	-
Utilities	18,133	7,729	-
Rent	298,352	123,466	-
Travel	175,471	3,373	-
Stationery	40,686	9,147	-
Membership fees	21,378	2,963	-
Impairment of loan	28,431	28,431	-
Other expenses	245,931	44,116	25,752
Total other expenses	6,881,734	5,035,137	59,337

9. Income Tax

	Group 2015	2015	Parent 2014
Components of tax expense			
Current tax expense/(benefit)	-	-	-
Adjustments in current tax in prior years	-	-	-
Deferred tax expense/(benefit)	(2,302)	(39,395)	13,347
Tax expense/(benefit)	(2,302)	(39,395)	13,347

Relationship between tax expense and accounting profit

Net (deficit) surplus before tax	(502,099)	(91,194)	-
Tax at 28%	(140,588)	(25,535)	-
Plus (less) tax effect of:			
Non-deductible expenditure	1,119,197	1,119,197	748
Non-taxable income	(1,081,780)	(1,103,207)	-
Prior year adjustment	-	-	22,678
Tax losses forfeited	41,761	-	-
Group loss offset	(68,437)	(68,437)	(36,773)
Temporary differences not recognised	-	-	-
Deferred tax adjustment	127,284	38,587	-
Tax expense/(benefit)	(2,563)	(39,395)	13,347

Imputation credits

Amount of imputation credits available for use in subsequent reporting periods

- - -

Amount of imputation credits available for use in subsequent reporting periods

Notes to the financial statements (continued)

10. Property, plant and equipment

The Parent held no assets at the end of June 2014

Parent:	Furniture and Equipment	Property Improvement	Computer Hardware	Total
Cost				
At 30 June 2014	-	-	-	-
Acquired upon acquisition	508,918	188,295	112,900	810,113
Additions	11,502	13,582	5,790	30,874
Disposals	(282)	-	-	(282)
As at 30 June 2015	<u>520,138</u>	<u>201,877</u>	<u>118,690</u>	<u>840,705</u>
Depreciation				
At 30 June 2014	-	-	-	-
Acquired upon acquisition	457,832	173,990	52,653	684,475
Depreciation for the period	12,918	6,416	14,022	33,356
As at 30 June 2015	<u>470,750</u>	<u>180,406</u>	<u>66,675</u>	<u>717,831</u>
Net book value				
As at 30 June 2015	<u>49,388</u>	<u>21,471</u>	<u>52,015</u>	<u>122,874</u>
As at 30 June 2014	-	-	-	-
Group:				
Cost				
At 30 June 2014	-	-	-	-
Acquired upon acquisition	115,276	14,305	131,860	261,441
Additions	132,413	13,582	19,130	165,125
Disposals	(282)	-	-	(282)
At 30 June 2015	<u>247,407</u>	<u>27,887</u>	<u>150,990</u>	<u>426,284</u>
Depreciation				
At 30 June 2014	-	-	-	-
Depreciation for the period	21,245	6,416	36,146	63,807
As at 30 June 2015	<u>21,245</u>	<u>6,416</u>	<u>36,146</u>	<u>63,807</u>
Net book value				
As at 30 June 2015	<u>226,162</u>	<u>21,471</u>	<u>114,844</u>	<u>362,477</u>
As at 30 June 2014	-	-	-	-

Notes to the financial statements (continued)

11. Intangible assets – software/website

	Group	Parent
Cost		
At 30 June 2014	-	-
Acquired upon acquisition	36,672	534,835
Additions	<u>5,283</u>	<u>-</u>
At 30 June 2015	41,955	534,835
Amortisation		
At 30 June 2014	-	-
Acquired upon acquisition	-	525,440
Amortisation	<u>8,609</u>	<u>2,830</u>
At 30 June 2015	8,609	528,270
At 30 June 2015	<u>33,346</u>	<u>6,565</u>
At 30 June 2014	<u>-</u>	<u>-</u>

12. Investment in incubator and accelerator companies

	Group 2015	Parent 2015	Parent 2014
Opening balance	-	-	-
Acquired upon acquisition	1,008,054	-	-
Additions	-	-	-
Impairments to investment	-	-	-
Movement in fair value of accelerator and incubator companies for period 1 Jan - 30 June 2015	<u>392,938</u>	<u>-</u>	<u>-</u>
Total investment in incubator and accelerator companies	<u>1,400,992</u>	<u>-</u>	<u>-</u>

Creative HQ invests 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 that a determination for fair value for an unlisted investment will be obtainable in the market, or that there will be a market for the unlisted investment.

The accounting policy is to recognise such investments both initially and subsequently at fair value following accounting standards. This will be based on the CHQ directors' assessment of fair value using the approach set out in note 2.2

In CHQ's accounts full year movement in the investments for the year ended 30 June 2015 is \$602,999 and the opening balance of its investments at 1 July 2014 was \$804,388. At year end, the fair value of its investments has been determined at \$1,400,992. Notwithstanding the uncertainty of the valuation of the investment, the CHQ Board is of the view that the fair values of unlisted investments in these financial statements represent the best available information and the WREDA Board has accepted this view.

Notes to the financial statements (continued)

CHQ's exposure to changes in investment value could be material to the financial statements. As CHQ is not reliant on the cash flows from the investments, changes in value do not impact the underlying viability of CHQ. The CHQ Board reviews regular reports from the companies.

In the event that an investment will be considered to be impaired, it will have a non-cash effect on the surplus / (deficit) of CHQ and Group.

13. Inventories

	Group 2015	2015	Parent 2014
Inventory held for sale:			
Finished goods	<u>1,816</u>	<u>1,816</u>	<u>-</u>

Finished goods are held for sale at the Wellington i-SITE Visitor Information Centre.

14. Trade and other receivables

	Group 2015	2015	Parent 2014
Trade receivables	499,925	227,623	-
Management fee receivable	591,093	591,093	386,032
GST receivable	132,350	132,350	-
Sundry receivables	26,702	25,997	5,750
Total receivables	<u>1,250,070</u>	<u>977,063</u>	<u>391,782</u>

Receivables from non-exchange transactions are non-interest bearing and are generally on terms of 30 to 90 days.

Non-exchange transactions

All receivables are derived from non-exchange transactions.

Notes to the financial statements (continued)

15. Other financial assets

	Group 2015	2015	Parent 2014
Loan	75,000	75,000	-
Less provision for impairment	<u>(28,431)</u>	<u>(28,431)</u>	<u>-</u>
Total other financial assets	<u>46,569</u>	<u>46,569</u>	<u>-</u>

As at 30 June 2015, a loan provided to the Wellington Culinary Events Trust with an initial value of \$75,000 (2014: nil) was written down to its current fair value by \$28,241. This impairment was taken to the statement of comprehensive revenue and expense by the Parent. The loan is repayable after 5 years or on demand with 60 days written notice and no interest is charged. Its fair value shall be revisited yearly and adjusted if necessary. The Board has an expectation that the full loan of \$75,000 shall be repaid.

16. Cash and cash equivalents

	Group 2015	2015	Parent 2014
Cash at bank and on hand	1,650,995	843,978	164,988
Term deposits	<u>-</u>	<u>-</u>	<u>-</u>
Total cash and cash equivalents	<u>1,650,995</u>	<u>843,978</u>	<u>164,988</u>

Notes to the financial statements (continued)

17. Investment in Grow Wellington Limited

	2015	2014
Grow Wellington Group		
Equity contribution from Wellington City Council	1,577,137	-
Property, plant & equipment, and intangibles	163,079	-
Intangible assets	-	-
Cash and cash equivalents	668,302	-
Receivables	298,901	-
Prepayments	22,900	-
Investments	1,022,860	-
Creditors	(276,670)	-
Employee liabilities	(107,589)	-
Income in advance	(161,352)	-
Other liabilities	(53,294)	-
Total identified net assets	1,577,137	-
Less provision for impairment		
Investment in Grow Wellington Limited	1,577,137	

On 5 December 2014, Wellington City Council and Greater Wellington Regional Council entered in a Share Transfer Agreement to transfer 200 ordinary shares of the 1000 ordinary shares available in WREDA Limited to Greater Wellington Regional Council in consideration for 100% in Grow Wellington Limited being transferred to WREDA Limited. As a result of the share transfers, WREDA Limited is owned 80% by Wellington City Council and 20% by Greater Wellington Regional Council. The acquisition by WREDA Limited of 100% in Grow Wellington Limited has meant that WREDA Limited also acquired on that date, its wholly owned subsidiary Creative HQ Limited.

As at 31 December 2014, which was the date of effective control, Grow Wellington Limited and its subsidiary had assets of \$2,161,186 and liabilities of \$584,049, resulting in a valuation of \$1,577,137. Wellington City Council purchased Grow Wellington Limited via a share transfer agreement on 5 December 2014. WREDA received a capital injection of \$1,577,137 from its shareholders being the net assets of Grow Wellington Limited.

Name of Entity	Location	Principal Activity	2015 % Held	2014 % Held
Grow Wellington Limited	Wellington, New Zealand	Economic development company	100%	0%
Creative HQ Limited	Wellington, New Zealand	Start-up company	100%	0%

18. Employee Entitlements

	Group 2015	2015	Parent 2014
Annual leave	534,151	390,486	193,699
Accrued salaries and wages	<u>221,898</u>	<u>153,492</u>	<u>199,777</u>
Total employee entitlements	<u>756,049</u>	<u>543,978</u>	<u>393,476</u>

No accruals are made for sick leave as the probability of any requirement cannot be accurately recorded, and payments made during the year have identified that the potential cost is not material.

19. Trade Payables

	Group 2015	2015	Parent 2014
Total trade payables	<u>1,248,629</u>	<u>731,548</u>	<u>-</u>

Terms and conditions of the above financial liabilities:

Trade payables are non-interest bearing and are normally settled on 30-day terms. All payables are current.

Notes to the financial statements (continued)

20. Sundry Creditors and Accruals

	Group 2015	2015	Parent 2014
Expense accruals	679,251	579,583	-
Audit fee accrual	42,772	20,000	-
ACC payable	39,898	30,564	16,848
Other payables	<u>3,554</u>	<u>(6,079)</u>	<u>33,122</u>
Total sundry creditors and accruals	<u>765,475</u>	<u>624,068</u>	<u>49,970</u>

21. Taxes and Kiwisaver Payable

	Group 2015	2015	Parent 2014
GST payable	108,334	69,989	46,612
FBT payable	698	-	-
PAYE and Kiwisaver payable	<u>104,196</u>	<u>63,968</u>	<u>66,612</u>
Total taxes and Kiwisaver payable	<u>213,228</u>	<u>133,957</u>	<u>113,224</u>

22. Operating Leases

Operating leases as lessee

The Parent and Group lease buildings, plant and equipment in the normal course of its business. Future minimum lease payments payable under non-cancellable operating leases are as follows:

	Group 2015	2015	Parent 2014
No later than one year	483,012	199,213	-
Later than one year but not later than five years	<u>531,654</u>	<u>164,744</u>	-
Total non-cancellable operating leases	<u>1,014,666</u>	<u>363,957</u>	<u>-</u>

Operating leases as lessor

The Parent's subsidiary has entered into a commercial property sub-lease on a surplus building. This non-cancellable lease has a remaining term of 2 years and 3 months. The Parent has entered into a commercial property sub-lease at the Wellington i-SITE Visitor Information Centre. This lease expired on 4 August 2015. Renewal is still subject to renewal of the head lease.

Notes to the financial statements (continued)

Future minimum rentals receivable under non-cancellable operating leases as at 30 June 2015 and 2014 are, as follows:

	Group 2015	Parent 2015	2014
No later than one year	52,024	5,024	-
Later than one year but not later than five years	<u>66,583</u>	<u>-</u>	<u>-</u>
Total non-cancellable operating leases	<u>118,607</u>	<u>5,024</u>	<u>-</u>

23. Contingent liabilities & Guarantees

At 30 June 2015, the Group and Parent had no contingent liabilities and had not entered into any guarantees.

24. Related party transactions

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

Related party disclosures have also not been made for transactions with entities within the Group and the Group's shareholders (such as funding and financing flows), where the transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such group transactions.

There are no required related party disclosures but WREDA makes the following disclosures in relation to key management personnel.

Directors

Prior to the commencement of a Chief Executive in September 2015, the Chairman of WREDA, Peter Biggs, has been performing the role of Executive Chair. Wellington City Council has remunerated Peter Biggs for undertaking this work.

On 21 September 2015, Peter Biggs took up a role as Chief Executive of Assignment Group Limited, a supplier to WREDA. WREDA has ended its current arrangements with the Assignment Group. All previous transactions with the Assignment Group have been at arm's length.

WREDA purchased tax advice services from Deloitte New Zealand in 2015 at arm's length. Director Thomas Pippos is the National Chief Executive of Deloitte.

Brett Holland, who was a CHQ Board director during the year, performed consultancy work at CHQ during the year and was paid at arm's length for these services. During August 2015, Brett accepted a salaried position with CHQ and subsequently resigned as a director.

Management

WREDA entered into a loan agreement with the Wellington Culinary Events Trust to assist with costs incurred to purchase the brand and event known as Beervana. David Perks, Chief Executive of Positively Wellington Tourism, and Gerard Quinn, Chief Executive of Grow Wellington Limited, resigned as Trustees of Wellington Culinary Events Trust in May 2015 prior to the execution of this loan.

WREDA has also incurred establishment costs at arm's length with suppliers. Where these are borne by one business within the WREDA group, they have subsequently been shared equally among the other business areas in the Group.

Notes to the financial statements (continued)

25. Directors' fees

		2015	2014
Parent WREDA Limited			
Peter Biggs (Chairman)	(appointed on 4 Dec 2014)	29,169	-
Helen Anderson	(appointed on 4 Dec 2014)	14,583	-
Matthew Clarke	(appointed on 4 Dec 2014)	14,583	-
Sarah Gibbs	(appointed on 4 Dec 2014)	14,583	-
William (Grant) Guilford	(appointed on 4 Dec 2014)	14,583	-
Richard Laverty	(appointed on 4 Dec 2014)	14,583	-
Thomas Pippos	(appointed on 4 Dec 2014)	14,583	-
Lorraine Witten		20,833	15,000
Paul Mersi	(appointed on 4 Dec 2014)	14,583	-
Christopher Parkin (previous Chairman)	(resigned on 4 Dec 2014)	12,500	30,000
Cr. Simon Woolf	(resigned on 4 Dec 2014)	-	-
Daniel Bridges	(resigned on 4 Dec 2014)	6,250	15,000
Mike Egan	(resigned on 4 Dec 2014)	6,250	15,000
Linda Rieper	(resigned on 4 Dec 2014)	6,250	15,000
Samantha Sharif	(resigned on 4 Dec 2014)	6,250	15,000
Cr. Paul Eagle	(resigned on 31 Dec 2013)	-	7,500
Cr. Ngaire Best	(resigned on 12 Oct 2013)	-	4,240
		<u>189,583</u>	<u>116,740</u>
Total WREDA directors' fees			
Subsidiary Creative HQ Limited			
Gerard Quinn (Chairman)	(appointed on 7 Dec 2012)	-	-
Barry Brook	(appointed on 16 Dec 2011)	2,000	-
Brett Holland	(appointed on 1 Mar 2014)	2,000	-
Victoria Crone	(appointed on 28 Nov 2014)	2,000	-
Susan Reynolds	(appointed on 28 Nov 2014)	2,000	-
Nicholas Lewis	(resigned on 26 Jan 2015)	1,000	-
		<u>9,000</u>	<u>-</u>
Total Subsidiary directors' fees			
Total directors' fees			
		<u>198,583</u>	<u>116,740</u>

On the 4 December 2014, all Grow Wellington directors resigned and the newly appointed directors of WREDA Limited were appointed directors of Grow Wellington Limited. Their fees are paid by the parent company and a share paid direct to the Parent by the subsidiary.

Lorraine Witten was a director of WREDA Limited for the full financial year. Fees paid to her were for the full financial year. Paul Mersi is a director of Grow Wellington Limited and Sarah Gibbs was a trustee of Partnership Wellington Trust prior to merger. They received fees for this in the respective organisation prior to amalgamation.

Notes to the financial statements (continued)

26. Remuneration

Total remuneration includes any non-financial benefits provided to employees.

At the balance date, the Parent employed 158 full time equivalent employees. The Group employed 199 full time equivalent employees.

Severance payments

During the year the Parent has made termination payments totaling \$52,808.

Key management personnel

Key management personnel of the Parent in 2015 comprise the Chief Executives of operating divisions, Positively Wellington Venues and Positively Wellington Tourism, and directors of Wellington Venues Limited up to 4 December 2014 and WREDA Limited from 4 December 2014.

Key management personnel of the Group are the Chief Executives of all four operating divisions (Positively Wellington Venues, Positively Wellington Tourism, Grow Wellington Limited and Creative HQ Limited) and the directors of Wellington Venues Limited, WREDA Limited and Creative HQ Limited. Remuneration for Positively Wellington Venues is for the full year and for the other operating divisions are from 31 December 2014 (the effective date of control).

The total remuneration and the number of individuals, on a full-time equivalent basis, considered key management personnel receiving remuneration are:

	Group	Parent	
	2015	2015	2014
Key Management Personnel			
Directors remuneration	198,583	189,583	116,740
WREDA Limited director full-time equivalents	9	9	8
Creative HQ director full-time equivalents	5	-	-
Management remuneration of the operating divisions	717,803	516,291	992,039
Management full-time equivalents	4	2	7

Due to the difficulty in determining full-time equivalents for directors, the full-time equivalent figures are the number of directors serving on the boards of WREDA Limited and Creative HQ Limited as at 30 June 2015.

In 2014, the Parent's key management personnel consisted of the Chief Executive and six other members of Positively Wellington Venues' leadership team. During 2015, only Chief Executives are considered key management personnel. In 2014, the directors of Wellington Venues Limited are also included in key management personnel.

Key management personnel did not receive any remuneration or compensation other than in their capacity as key management personnel (2014: nil).

The Group did not provide any compensation at non-arm's length terms to close family members of key management personnel during the year (2014: nil).

The Group did not provide any loans to key management personnel or their close family members.

Notes to the financial statements (continued)

Salary Bands

The annual remuneration by band for employees as at 30 June:

	Number of current employees		
	Group 2015	2015	Parent 2014
\$100,000 - \$109,999	4	1	1
\$110,000 - \$119,999	3	3	-
\$120,000 - \$129,999	5	2	-
\$130,000 - \$139,999	2	-	1
\$140,000 - \$149,999	2	2	2
\$150,000 - \$159,999	2	1	-
\$160,000 - \$169,999	1	-	-
\$170,000 - \$179,999	1	1	-
\$190,000 - \$199,999	1	-	-
\$230,000 - \$239,999	1	-	-
\$260,000 - \$269,999	1	1	-
\$300,000 - \$309,999	-	-	1
\$390,000 - \$399,999	1	1	-

There has been a significant increase in employees being paid over \$100,000 compared to previous years. This is a result of the inclusion of Grow Wellington Limited, Creative HQ Limited and the former employees of the Partnership Wellington Trust as part of the WREDA Group.

Notes to the financial statements (continued)

27. Reconciliation of net cash flow from operating activities to surplus

	Group 2015	Parent 2015	Parent 2014
Surplus/(deficit) for the period	(502,099)	(91,195)	-
Add/(deduct) non-cash items:			
Vested Assets	-	-	-
Bad debts written off not previously provided for	-	-	-
Depreciation and amortisation	72,720	36,186	
Fair value changes in investment properties	-	-	(11,442)
Other fair value changes	5,624	-	-
Movement in provision for impairments of doubtful debts	-	-	
Tax Expense	-	-	
Non-cash movements in provisions	-	-	-
Total non-cash items	78,344	36,186	(11,442)
Add/(deduct) Working Capital movements:			
Trade and other receivables	(100,364)	(22,529)	173,266
Prepayments	7,529	(8,932)	(58)
Inventories	(406)	(406)	-
Trade and other payables	1,785,188	1,253,641	11,780
Revenue in advance	(378,650)	(475,211)	-
Employee benefit liabilities	173,832	92,559	31,933
Provision for other liabilities	-	-	-
Total working capital movements	1,487,129	839,122	(216,921)
Add/(deduct) investing and financing activities:			
Net gain/loss on disposal of P&E	-	-	-
Dividends received, including CHQ sale of shares in investments	(31,000)	-	-
Interest received	(37,202)	(27,642)	(1,507)
Tax paid	(1,205)	(500)	(481)
Interest paid on borrowings	-	-	-
Subvention Payment	(931)	(931)	(2,672)
Share of equity accounted surplus in associates	-	-	-
Total investing and financing activities	(70,338)	(29,073)	(4,660)
Net cash flows from operating activities	993,036	755,040	200,819

Notes to the financial statements (continued)

28. Auditor fees

The auditor of WREDA Limited is Audit New Zealand.

	Group 2015	Parent 2015	2014
Fees to Audit New Zealand for:			
Audit of financial statements	59,669	23,686	17,000
Fees paid to Grant Thornton for:			
Audit of divisions financial Statements (WREDA Tourism)	<u>11,000</u>	<u>11,000</u>	<u>-</u>
Total fees paid to auditors	<u>70,669</u>	<u>34,686</u>	<u>17,000</u>

The audit firms responsible for auditing WREDA Limited have not been paid a fee for any other services required.

29. Events after the balance date

There are no material non-adjusting events after the reporting date.

30. Adjustments arising on transition to the new PBE accounting standards

a. Reclassification adjustments

There have been no reclassifications on the face of the financial statements.

b. Recognition and measurement adjustments

There have been no recognition and measurement adjustments to 30 June 2014 comparative information resulting from the transition to the new PBE accounting standards

31. Operating funds

WREDA is reliant for a large part of its revenue from its shareholders, Wellington City Council and Greater Wellington Regional Council (the Councils).

The Councils have accepted the Group's Statements of Intent, which includes funding for the Group and its activities for the next three years.

Notes to the financial statements (continued)

32. Assets transferred from Partnership Wellington Trust

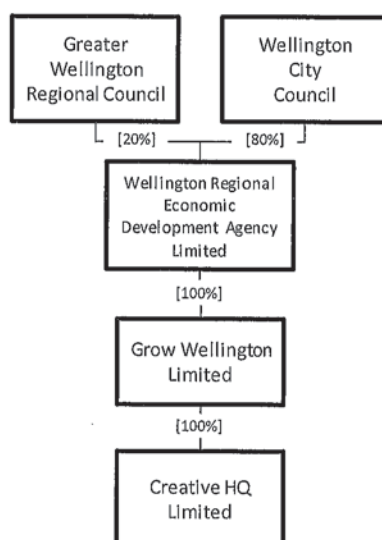
On the 12 December 2014, the Partnership Wellington Trust and WREDA entered into an Asset Transfer Agreement to transfer the assets including liabilities of the Partnership Wellington Trust, trading as Positively Wellington Tourism, to WREDA Limited.

Partnership Wellington Trust	
Consideration paid for assets	-
Property, plant & equipment	125,638
Intangible assets	9,395
Cash and cash equivalents	1,000
Receivables	603,151
Prepayments	21,533
Stock on hand	1,409
Creditors	-
Employee liabilities	(190,277)
Income in advance	(566,434)
Other liabilities	(5,415)
Total identified assets	0

33. Company Structure

Wellington City Council and Greater Wellington Regional Council entered in a share transfer agreement with WREDA Limited to transfer 200 ordinary shares of the 1000 ordinary shares available in WREDA Limited to Greater Wellington Regional Council in consideration for 100% in Grow Wellington Limited.

As a result of the share transfers, WREDA Limited is owned 80% by Wellington City Council and 20% by Greater Wellington Regional Council. WREDA Limited received 100% shareholding in Grow Wellington Limited as an equity injection from the Wellington City Council. Grow Wellington Limited has a wholly owned subsidiary Creative HQ Limited.



Statement of Service Performance

STATEMENT OF SERVICE PERFORMANCE MEASURES

In December 2014, Wellington City Council and Greater Wellington Regional Council created a new agency - Wellington Regional Economic Development Agency Limited (WREDA) combining Positively Wellington Tourism, Positively Wellington Venues and Grow Wellington Limited. These Statement of Service Performance results reflect the 12 months activities of these business units.

Positively Wellington Venues

MEASURE	MEASURE/TARGET	FY15 RESULT	COMMENT ON RESULT
Economic Contribution Grow the economic contribution of show and grow business events to Wellington. This measure is based on the relationship between event revenue and the event-related expenditure in Wellington (referred to as the expenditure multiple).	Economic benefit from conventions & events (3.37x grow business revenue) target of \$28.7m	\$27.0m	There is often competition for available space at venues and overall we have met the combined group target of \$43.3m. This was close to \$1 million or 2.4% above the combined target.
	Economic benefit from performances & exhibitions (at 2.46x show business revenue) target of \$13.7m	\$16.3m	
	Venue utilisation 50.7%	52.4%	
Optimising space by achieving a 5% improvement in venue utilisation over last year	Venue yield 34.6%	35.6%	The number of hired days over last year increased with a corresponding improvement in utilisation. This is pleasing given that the Wellington Town Hall was unavailable for public performances in the 2015 financial year. The improvement in venue yield is driven by the increase in event revenue (at a summary level) and improvement achieved in utilisation over the prior year.
Community Responsibility			
Ensuring our venues are open to community and funded events. There are a wide variety of sponsorships provided and they are broadly categorised as City Growth, Creative Sponsorships, Community Support, and Civic Occasions.	Greater than 175 community hire days per annum	186	PWV supported 32 separate community hirers to deliver 74 events in our venues for a total of 186 hire days in the 2015 financial year.
	Value of community subsidised or sponsored events of \$2m	\$1.111m	All requests were met but the total pool wasn't spent as World of WearableArts Show rehearsed offsite.

MEASURE		MEASURE/TARGET	FY15 RESULT	COMMENT ON RESULT
Customer Satisfaction				
Give a voice to the customer to understand and improve their experience at our venues	Net promoter score >70%	87%	Hirers are surveyed post-event, although participation rates are not high. A complaints register is monitored and any issues addressed with immediacy. Interpreting the results of the net promoter score is not statistically sound due to insufficient number of respondents. Of those that did respond, 87% scored seven or higher out of ten.	
Good Employer				
Health & Safety in our venues	Zero serious harm at our venues	1	One patron incident reported (broken arm). Procedures have been initiated to reduce risk of recurrence.	
Improvement in staff engagement survey "say, stay and strive"	Zero lost time due to injury	0	For the second consecutive year there were no lost time injuries reported.	
	2% improvement in annual staff engagement	n/a	A staff engagement survey was completed in February 2015. Sixty four percent (64%) of permanent and casual staff scored five or more out of ten when asked how they rate the culture of PWV. The rating ranged from zero, being "not at all" to ten, being "extremely satisfied". A follow up survey will be run before the end of this calendar year.	
Profit Contribution				
Deliver a EBITDA target improvements in the 2014/15 FY	Full year EBITDA >\$765k	\$822.9k	Positively Wellington Venue's represents the combined result of the venues operations within the WCC that are managed by WREDA. The result is normalised to exclude revenue from PAF grants, WREDA establishment costs and other abnormal costs. This is done to better represent the performance of the underlying business operations and enables better year on year comparisons of performance.	
Productivity				
Improve the profit margin of each line of business towards a 1% improvement on prior year at Group	Full year gross margin of 44%	44%	Initiatives implemented over the year lifted gross margin by 1% to achieve the targeted expectation of 44%.	

Positively Wellington Tourism

MEASURE		MEASURE/TARGET	FY15 RESULT	COMMENT ON RESULT
Organisational				
WCC funding	Maintain WCC core funding at 50% or less of Wellington's marketing activity investment.		46.2%	Wellington City Council funding was 46.2% of our total marketing investment made through PWT activity in the 2014/15 year.
Overhead costs	Maintain overhead costs as less than 12% of total activity costs including partnership investments.		7.7%	Overhead costs were \$901,204 which was 7.7% of total activity costs.
Australia Sales & Marketing				
Recognition of destination	Recognition of Wellington as a visitor destination in targeted regions of Australia has risen over levels measured (after one full year of activity) in March 2015.		51%	A survey of Australian travellers found that 51% of respondents felt their knowledge Wellington and the surrounding wine regions has increased over the last 12 months. This figure has declined when compared to the same survey in 2014 (65%). (Source: PWT Wellington Travel Survey)
Australian arrivals	Increase Australian visitor arrivals through Wellington International Airport over 2013/14 levels by 3%.		+1.4%	Australian visitor arrivals to Wellington Airport increased 1.4% to 141,904. (Source: International Visitor Arrivals, Statistics NZ)
Airline capacity	Airline capacity maintained at least 2013/14 levels.		-0.3%	Trans-Tasman capacity decreased by 0.3% to 967,722 seats. (Source: Wellington International Airport Limited)
Convention Bureau Sales and Marketing				
Leads and referrals	Increase leads/referrals generated to Convention Bureau partners by 2% relative to 2013/14.		13.5%	Large (100+ delegates) leads and referrals made to partners increased by 13.5%. Small (<100 delegates) leads and referrals numbered 220. (unable to measure against previous years due to change in reporting of data) (Source: Salesforce reporting, PWT)
Market share	Maintain Wellington's Convention & Incentive market share within the New Zealand market to 17% of the national share of the multi day conference market.		15%	Wellington's C&I multi-day market share of delegate days for the year ended March 2015 at 15%. (Source: Convention Activity Survey)

MEASURE		MEASURE/TARGET	FY15 RESULT	COMMENT ON RESULT
Downtown Marketing				
Retail spending	Wellington retail and hospitality spending does not decline below 2013/14 levels.		+7%	Spending has increased by 7% in the 11 months to May 2015, relative to 2013/14. (Source: Regional Tourism Indicators, MBIE)
Wellington audience	Increase the KNOW Wellington audience (social media and KNOW eNews) by 10% to 157,000.		12.5%	The current KNOW Wellington audience exceeds the target set by 12.5%, finishing the year at 176,775. (Source: PWT database statistics)
International Marketing				
International guest nights	Increase international commercial guest nights in Wellington relative to 2013/14 by 2%.		13.3%	International commercial guest nights increased by 13.3% to 733,413. (Source: Commercial Accommodation Monitor – 11 months to May 2015)
Airline promotion	PWT will work with WIAL to meet with airlines for which there is a business case to fly to Wellington and provide each with a business proposition. PWT will work with Wellington tourism providers and Tourism NZ to promote travel to Wellington from key Asian source markets to increase demand for travel to Wellington.		Completed	PWT has attended 3 Tourism New Zealand led Kiwiflink events in Asia, developed translated versions of WellingtonNZ.com and hosted many trade and media famils in Wellington targeting Asian markets. (Source: PWT and WIAL report to WCC)
International spending	Increase the spend by international visitors to Wellington by 2% relative to 2013/14.		18%	International spending rose 18% in the 11 months to May 2015, relative to 2013/14. (Source: MBIE Regional Tourism Indicators)
New Zealand and Event Marketing				
Domestic guest nights	Increase domestic commercial guest nights in Wellington city by 2% relative to 2013/14.		4.6%	Domestic commercial guest nights increased by 4.6% to 1,331,661. (Source: Commercial Accommodation Monitor – 11 months to May 2015)
Weekend rooms	Increase weekend rooms sold in partner hotels by 2% relative to 2013/14.		Increased	The methodology of measurement has changed since last year. Weekend occupancy levels in partner hotels increased from 73.4% to 77.5%. to 78.2%. (Source: PWT Hotel Monitor)
Digital Marketing				
Website visits	Increase total website visits to WellingtonNZ.com by 10% relative to 2013/14.		11%	Visits to WellingtonNZ.com increased to 2,635,155, an increase of 11%. (Source: Google Analytics)
Subscribed audience	Increase Wellington's subscribed audience by 7% (e-newsletter and social media subscribers across all areas) to 215,000.		29%	Wellington's subscribed audience increased to 277,830, 29% ahead of target. (Source: PWT database and social media statistics)

MEASURE		MEASURE/TARGET	FY15 RESULT	COMMENT ON RESULT
Product Development				
Project support	Provide support and research assistance into the visitor usage aspects of infrastructure projects proposed by WCC in its Eight Ideas for Economic Growth.	Completed		The PWT executive has supported WCC in regards to the development of a film museum, establishing improved international air connections, development of a convention centre and the growth agenda set out in the WCC LTP 2015-2025. (Source: PWT and partner report to WCC)
i-SITE Visitor Centre				
i-SITE revenue	Maintain i-SITE revenue relative to 2013/14.	-10.2%		Trading revenue in the year decreased by 10.2% compared to 2013/14.
Wellington product sales	Increase the proportion of sales of Wellington product by 2% relative to 2013/14.	10.7%		The proportion of sales of Wellington product increased 10.7% to 38% of total i-SITE sales.
i-SITE visitors	Visitors to the i-SITE maintained at 2013/14 levels.	+9.5%		331,120 people visited the i-SITE in the year, an increase of 9.5% on 2013/14.
Destination Wellington				
Marketing	Delivery of marketing activity to targeted audiences in coordination with delivery programme.	Completed		The Wellington Works talent attraction campaign webpages saw more than 14,000 visits in six weeks, and referred 181 visitors to job listings. The Wellington Adds Up Business attraction campaign generated 25,000 page views and resulted in 5 Australian prospect business owners being hosted in Wellington in June. The PR campaign supporting the Destination Wellington talent and business attraction campaigns in Australia had a cumulative reach of 97,868,503 in four months. (Source: Sling & Stone; PWT, Grow wellington and WCC report to CCOPs)
Website visits	Increase total website visits to WellingNZ.com by 10% relative to 2013/14.	11%		Visits to WellingNZ.com increased to 2,635,155, an increase of 11%. (Source: Google Analytics)

Grow Wellington

MEASURE	MEASURE/TARGET	FY15 RESULT	COMMENT ON RESULT
Business growth			
Deliver a suite of business capability services across the region	\$ Full capability funding allocated.	100%	100% of funding allocated.
	RBP target number of businesses connected to the Accelerate Success Programme (NZTE).	400	Over 400 unique business engagements with the RBP programme year to date (across NZTE and Callaghan Innovation).
	15 business clinics delivered	10	10 business clinics delivered. Adjusted approach during the year and clinics booked from November to February were cancelled due to changes in demand.
	20 businesses participate in programme.	20	20 business participated in investment programme.
	1 investment event held.	2	2 investment events held.
Deliver a suite of export growth events or services.	Baseline number of businesses participating in export programme.	35	Over 35 businesses directly involved across the programme.
	1 export growth event held	4	4 export events held. Event partners included Grant Thornton, American Chamber of Commerce and KPMG.
Refine sector strategies Implement sector projects	Publish strategies for ICT & Digital, and Film & Screen	Nearing Completion	Strategy published for Film and Screen. ICT and Digital in progress.
	Complete existing multi-year projects (e.g. Clean Tech Centre) and deliver new programmes and projects from sector strategies which identify and support industry led clustering, new market/product opportunities and export trade connections.	Completed	Clean Tech Centre closed. Building subleased to new tenant.
	Identify, support and deliver new sector based events.	Completed	New programmes and projects scoped, started or supported include Lightning Lab Manufacturing, Screen Masterclass Series, China Film Delegation (with Film Commission), and a high tech manufacturing focused delegation to Tempe, Arizona with the Hutt City Council Mayoral delegation.

<p>Deliver Visa Wellington on a Plate (VWOAP) Supplier Showcase and support VWOAP Festival.</p>	<p>Completed</p>	<p>Other sector events delivered include Visa Wellington on a Plate Supplier Showcase, Edtech for Export conference, AnimfxNZ conference, Goran Roos digital manufacturing event, Alvy Ray-Smith Project Connect screen and animation event, Bruce Sheridan screen industry event, Connect to Silicon Valley business and pitching event, ICT industry partnership event (with Westpac Stadium), Robotics Hackfest as part of the Hutt Science Technology Engineering Manufacturing and Mathematics (STEMM) festival.</p>
<p>Event management for Edtech for Export conference.</p>	<p>Completed</p>	<p>Events sponsored by Grow Wellington include Animation Education Conference, New Zealand Hi-Tech Awards and Wairarapa Gate to Plate.</p>
<p>Support wider benefits of Wairarapa Water Use Project.</p>	<p>Completed</p>	<p>A Memorandum of Understanding with the Wairarapa Water Use Project was signed, detailing Grow Wellington's ongoing support for the project including assessment of economic impact, business attraction, a farmer information programme and land use research.</p>
<p>Attraction</p>		
<p>Business & Investment Attraction campaigns</p>	<p>\$132m</p>	<p>Pipeline value \$132m.</p>
<p>Four in-market campaigns completed.</p>	<p>10</p>	<p>Ten campaigns completed.</p>
<p>New businesses contribute \$8m pa EVA.</p>	<p>\$4.1m</p>	<p>\$4.1m contribution from deals completed.</p>
<p>Attract and support relevant delegations to come to Wellington which match local needs and opportunities, and provide follow up action.</p>	<p>Completed</p>	<p>As strategic partners for inaugural Open Source // Open Society conference in April we sourced, funded and hosted two key note speakers from the US, providing opportunities for them to share their knowledge with the local tech community.</p> <p>With Positively Wellington Tourism we hosted the five Australian businesses which were winners of the Wellington Adds Up business attraction competition. The group met similar local companies and industry leaders as well as getting a taste of the region's business environment, and lifestyle.</p> <p>Other delegations included NWA Newswire from Japan, Zhongnan Trading from China and Xiamen ITG, a Chinese logging company looking for forestry acquisition and logging rights. We introduced Xiamen ITG to suppliers of timber and sellers of forestry tracts. Increased sales are expected.</p>

Student Attraction campaigns	5% increase over 2012 baseline, or a 3% increase in NZ market share of international students enrolled in Wellington region secondary and tertiary institutions.	2%	2% growth in student numbers for 2014 (calendar year).
Film & Screen Attraction	The attraction of screen production to Wellington with combined production value of \$10m.	\$120m	We played a significant role attracting large budget productions to the region, suggesting location options, showcasing production facilities and recommending services for <i>The Light Between Oceans</i> , <i>Pete's Dragon</i> and <i>Krampus</i> . The value of studio and on-location production in Wellington for these films was approximately \$120m.
Talent Attraction	Deliver two talent campaigns in line with workforce needs.	5	Five campaigns delivered. Two seminars delivered to support Wellington employers' international recruitment activity.
Business Retention	Execute a retention engagement programme with key businesses	Completed	Ongoing relationships are maintained with key businesses to gain early advice of potential relocation issues.

MEASURE MEASURE/TARGET FY15 RESULT COMMENT ON RESULT

<p>Innovation</p> <p>Lead the development of the region-wide innovation ecosystem</p>	<p>A programme of active partnerships/alliances driving specific projects</p>	<p>Completed</p>	<p>Contributed to meetings to identify problems and objectives for the redevelopment of Gracefield as an Innovation Quarter. Member of the working group devising a roadmap for the area's redevelopment.</p> <p>Collaborated with the Embassy of Israel to select an entrepreneur to represent New Zealand at the Start-Up Tel Aviv seminar in Israel.</p> <p>Creative HQ's programme of Startup Weekends, Bootcamps and the R9 Accelerator have connected businesses, students, investors and Government.</p> <p>Prototype Profile refreshed and integrated on the WellingtonNZ.com website to showcase innovation in the region to on and off-shore audiences. Next stage will be to negotiate partnerships with both Victoria Business School and Callaghan Innovation to build a research-based data set and to connect the Profile with Callaghan Innovation's National Technology Networks.</p>
<p>Progress innovation hub and precinct proposals</p>	<p>Innovation Profile used to drive increased collaboration and output in priority sectors</p>	<p>Ongoing</p>	<p>Participated in the Europe/UK innovation precinct evaluation mission with Callaghan Innovation and the Ministry of Business, Innovation and Employment in July 2014 and reported findings to Callaghan Innovation for consideration with respect to the Gracefield Innovation Quarter.</p> <p>Provided feedback on the draft Expression of Interest for the Wellington City Council's Tech Hub and sat on the Evaluation Panel.</p>
<p>Deliver Regional Business Partner programme with Callaghan Innovation</p>	<p>2013/14 level (\$2.4million) + 5% *</p>	<p>\$6.6m</p>	<p>\$6.6m Research and Development grant funding allocated</p>
<p>* Subject to contract negotiations with Callaghan Innovation</p>			
<p>Increase the number of successful entrepreneurs and viable start-ups in the region</p>	<p>2 high growth exits from incubator</p> <p>Creative HQ's portfolio value</p>	<p>6</p>	<p>Achieved 6 high growth exits</p> <p>\$1.4m</p> <p>\$1.4m current valuation as at 30 June 2015</p>

exceeds \$1m	\$5.7m	Achieved a total \$5.7m investment. \$3m was raised from follow-up funding of the Lightning Lab 2014 cohort and \$2.7m of investment was offered on demo day at Lightning Lab Auckland.
\$3.5m of investment raised six months post Demo Day (for Lightning Lab teams)		
Digital Futures - 50 students attending programme	24	24 students participated. This was a result of uncertainty of programme timing and reliance on external parties to market to students.
Workforce		
Work with tertiary and skills providers to identify new programmes of study and support their implementation	Completed	In response to the government's ICT Graduate School initiative, which allocated \$28.6m of contestable funding for three new schools, we collaborated with a combined tertiary (VUW, WelTec/Whitireia) and industry (Downer, Greenbutton, Intergen, WETA Digital) Working Group, to develop a proposal for Wellington. An announcement of the outcome will be made in the first quarter of 2015/16. The School will deliver a wider range of industry-responsive tertiary qualifications, integrated work placements, and industry-generated research projects.
	Achieved	Following our seed funding for Enspirial Dev Academy in 2013/14, this year the Academy has trained 74 graduates, 86% of whom have moved directly into employment in the ICT industry, the majority of them (91%) in Wellington-based businesses.
Increase work-based learning	182	182 interns were placed in target sector firms.
	Achieved	The number of interns and businesses involved in Summer of Tech increased again with 90 internships in Wellington compared to 47 last year. 33% of the interns placed were female, well above the industry average of 20%. Our Manufacturing pilot was successful and plans for a Design pilot were developed to run next year.

Independent Auditor's Report

To the readers of the Wellington Regional Economic Development Agency Limited group's financial statements and performance information for the year ended 30 June 2015

The Auditor-General is the auditor of the Wellington Regional Economic Development Agency Limited and its subsidiaries. The Auditor-General has appointed me, Bede Kearney, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the performance information of the group, consisting of the Wellington Regional Economic Development Agency Limited and its subsidiaries (collectively referred to as "the Group"), on her behalf.

Opinion on the financial statements and the performance information

We have audited:

- The financial statements of the Group on pages 16 to 48, that comprise the statement of financial position as at 30 June 2015, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the Group on pages 49 to 59.

In our opinion:

- The financial statements of the Group:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2015; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with Public Benefit Entity Standards with reduced disclosure requirements.
- The performance information of the Group presents fairly, in all material respects, the Group's achievements measured against the performance targets adopted for the year ended 30 June 2015.

Uncertainties in the carrying value of unlisted shares in incubator and accelerator companies

Without modifying our opinion, we draw your attention to note 2.2, note 3 and note 12 of the financial statements that explain how the fair value of shares in incubator and accelerator

companies has been determined and the uncertainties in measuring that fair value. Although the fair value of unlisted shares in incubator and accelerator companies is based on the best information available, there is a high degree of uncertainty about that value due to the early stage nature of the investments, the absence of quoted market prices and the reliance placed on the unaudited information supplied by the incubator and accelerator companies. This uncertainty could have a material effect on the statement of comprehensive revenue and expenses and statement of financial position. This uncertainty also impacts a reported result in the statement of service performance for Creative HQ's portfolio value for incubation on page 58.

We consider the disclosures about the uncertainties and reliance on information to be adequate.

Our audit was completed on 25 September 2015. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities, and explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and the performance information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and the performance information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and in the performance information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and the performance information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Group's financial statements and performance information 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 Group's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board of Directors;
- the adequacy of the disclosures in the financial statements and in the performance information; and
- the overall presentation of the financial statements and the performance information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and the performance information. Also, we did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

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

Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation and fair presentation of financial statements for the Group that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparation of the performance information for the Group.

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

The Board of Directors is responsible for such internal control as it determines is necessary to enable the preparation of financial statements and performance information that are free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for the publication of the financial statements and the performance information, whether in printed or electronic form.

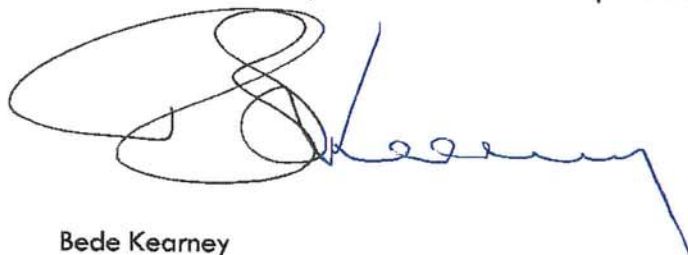
Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and the performance information and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

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

A handwritten signature in blue ink, appearing to read 'Bede Kearney', with a large, stylized initial 'B'.

Bede Kearney
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

Directory

For the year ended 30 June 2015

The company changed its name from WELLINGTON VENUES LIMITED to WELLINGTON REGIONAL ECONOMIC DEVELOPMENT AGENCY LIMITED on 5 December 2014.

Directors

- Lorraine Witten (appointed 1 January 2012)

The following appointments were made to the Board of Directors on 4 December 2014:

- Helen Joan Anderson
- Peter Ronald Francis Biggs (Chair)
- Matthew Norman Clarke
- Sarah Jane Gibbs
- William Grant Guilford
- Richard James Laverty
- Paul Mersi
- Thomas Pippos

There have been the following changes to the Board of Directors since 1 July 2014:

- The following Directors resigned from the Board of Directors on 4 December 2014:
 - Simon Woolf
 - Linda Rieper
 - Christopher Parkin
 - Samantha Sharif
 - Daniel Bridges
 - Michael Egan

Shareholders

Wellington City Council
800 shares (80%)
101 Wakefield Street
Wellington 6011
New Zealand

Greater Wellington Regional Council
200 shares (20%)
Shed 39, Harbour Quays, Centreport
Wellington 6011
New Zealand

Registered Office

111 Wakefield Street
Wellington Central
Wellington 6011
New Zealand

Auditors

Audit New Zealand
Level 1, 100 Molesworth Street
Wellington 6140
New Zealand

Bankers

ANZ Bank New Zealand Limited
22 Willis Street
Wellington 6011
New Zealand

Solicitor

DLA Piper
50-64 Customhouse Quay,
Wellington, 6140
New Zealand

Registered Company Number

3237332