

DUNEDIN RAILWAYS


WORLD CLASS TRAIN TRIPS

Interim Report

For the six months ended

31 December 2017

DUNEDIN RAILWAYS

WORLD CLASS TRAIN TRIPS

Contents

Page

Directors' report	2
Statement of comprehensive income	4
Statement of changes in equity	5
Statement of financial position	6
Statement of cash flows	7
Notes to the financial statements	8
Directory	11

DUNEDIN RAILWAYS



WORLD CLASS TRAIN TRIPS

Directors' report

The Directors of Dunedin Railways Limited are pleased to present their report for the six months ended 31 December 2017.

Result

The company returned a loss after tax of \$634,000 in the half year to 31 December 2017 compared with a loss after tax of \$470,000 in the half year to 31 December 2016.

Review of operations

The principal activity of Dunedin Railways Limited is to safely operate train services as a tourist, charter and community orientated enterprise utilising the Taieri Gorge railway line and the South Island lines of the KiwiRail network.

In July 2017 Dunedin Railways had a rainfall event over 2 days resulting in extensive slips and washouts. Initial repair is completed at a net cost of \$385,000 with a loss of income of approx. \$175,000.

The company has a programme of safety management procedures with monthly staff Health and Safety meetings and 3 monthly Board Health and Safety subcommittee meetings.

Seasonality

The profitability and cash flow of the company contains a strong seasonal element in accordance with the tourist season for the region which is at its strongest within the months of October until April. The impact of this pattern is that the company will typically report a deficit for the first half of the year and any surplus will be generated in the second half of the year.

Dividends

No dividends were paid by the Company.

Events after balance sheet date

There were no significant events after the reporting period that would require adjustment or disclosure.

Statement of responsibility

The Directors accept responsibility for the preparation of the interim financial statements and the judgements used in them:

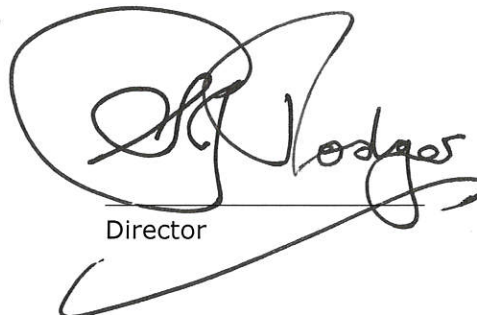
The Directors accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting; and

In the opinion of the Directors, the interim financial statements to 31 December 2017 fairly reflect the financial position and operations of Dunedin Railways Limited.

The Board of Directors of Dunedin Railways Limited have the pleasure in presenting the interim financial statements, set out on pages 3 to 10, for the six months ended 31 December 2017 and authorises them for issue on 15 February 2018.



Director



Director

DUNEDIN RAILWAYS

WORLD CLASS TRAIN TRIPS

Statement of comprehensive income For the six months ending 31 December 2017

	unaudited 6 months to 31 Dec 2017 \$'000	unaudited 6 months to 31 Dec 2016 \$'000	audited full year to 30 Jun 2017 \$'000
Train ticket/charter, Travel Agency and Retail sales income	2,890	2,415	6,578
Interest received	-	-	-
Total income	2,890	2,415	6,578
Less expenses:			
Audit fees	-	-	20
Directors remuneration	53	51	99
Depreciation	161	157	309
Interest to Dunedin City Treasury Limited	26	23	45
Other operating expenses	3,531	2,837	5,914
Total expenses	3,771	3,068	6,387
Net loss before tax	(881)	(653)	191
Income tax (expense)/credit	247	183	(54)
Total comprehensive income	(634)	(470)	137

The accompanying notes form part of these financial statements

DUNEDIN RAILWAYS

WORLD CLASS TRAIN TRIPS

Statement of changes in equity For the six months ending 31 December 2017

	Share capital \$'000	Retained earnings \$'000	Total equity \$'000
unaudited			
Equity as at 1 July 2017	1,572	623	2,195
Loss after income tax	-	(634)	(634)
Other comprehensive income for the period	-	-	-
Equity as at 31 December 2017	<u>1,572</u>	<u>(11)</u>	<u>1,561</u>
unaudited			
Equity as at 1 July 2016	1,572	451	2,023
Loss after income tax	-	(470)	(470)
Other comprehensive income for the period	-	-	-
Equity as at 31 December 2016	<u>1,572</u>	<u>(19)</u>	<u>1,553</u>
audited			
Equity as at 1 July 2016	1,572	451	2,023
Profit after income tax	-	172	172
Other comprehensive income for the period	-	-	-
Share capital contribution	-	-	-
Equity as at 30 June 2017	<u>1,572</u>	<u>623</u>	<u>2,195</u>

The accompanying notes form part of these financial statements

DUNEDIN RAILWAYS

WORLD CLASS TRAIN TRIPS

Statement of financial position As at 31 December 2017

		unaudited 6 months to 31 Dec 2017	unaudited 6 months to 31 Dec 2016	audited full year to 30 Jun 2017
	Note	\$'000	\$'000	\$'000
Current assets				
Cash and cash equivalents		341	351	161
Trade and other receivables		800	486	162
Inventories		429	263	184
Prepayments		13	8	-
Current Taxation Asset		275	157	-
Total current assets		1,858	1,265	507
Non-current assets				
Property, plant and equipment	4	3,456	3,136	3,309
Total non-current assets		3,456	3,136	3,309
Total assets		5,314	4,401	3,816
Current liabilities				
Trade and other payables		933	437	408
Provision for Employee Entitlements		294	307	295
Other current liabilities (provisions)		99	186	186
Total current liabilities		1,326	930	889
Non-current liabilities				
Term Borrowings	5	2,030	1,535	335
Deferred tax liability		72	58	72
OETT shareholder's advance		325	325	325
Total non-current liabilities		2,427	1,918	732
Total liabilities		3,753	2,848	1,621
Equity				
Share capital		1,572	1,572	1,572
Retained (deficits)/earnings		(11)	(19)	623
Total equity		1,561	1,553	2,195
Total liabilities and equity		5,314	4,401	3,816

The accompanying notes form part of these financial statements

DUNEDIN RAILWAYS

WORLD CLASS TRAIN TRIPS

Statement of cash flows For the six months ending 31 December 2017

		unaudited 6 months to 31 Dec 2017 \$'000	unaudited 6 months to 31 Dec 2016 \$'000	audited full year to 30 Jun 2017 \$'000
	<i>Note</i>			
Cash flow from operating activities				
<i>Cash was provided from</i>				
Receipts from customers		2,565	2,281	6,839
Interest received		-	-	-
		<u>2,565</u>	<u>2,281</u>	<u>6,839</u>
<i>Cash was disbursed to</i>				
Interest paid		26	23	43
Payments to suppliers & employees		3,639	2,964	6,421
Income tax paid		-	-	10
Net GST paid		107	14	(7)
		<u>3,772</u>	<u>3,001</u>	<u>6,467</u>
Net cash flow from operating activities	3	<u>(1,207)</u>	<u>(720)</u>	<u>372</u>
Cash flow from investing activities				
<i>Cash was disbursed to</i>				
Purchase of property, plant and equipment		308	291	373
Net cash flow from investing activities		<u>(308)</u>	<u>(291)</u>	<u>(373)</u>
Cash flow from financing activities				
<i>Cash was provided from</i>				
Borrowings from DCTL		1,695	1,250	1,700
		<u>1,695</u>	<u>1,250</u>	<u>1,700</u>
<i>Cash was disbursed to</i>				
Repayment of borrowings to DCTL		-	-	1,650
		<u>-</u>	<u>-</u>	<u>1,650</u>
Net cash flow from financing activities		<u>1,695</u>	<u>1,250</u>	<u>50</u>
Net increase/(decrease) in cash and cash equivalents		180	239	49
Opening cash and cash equivalents		161	112	112
Closing cash and cash equivalents		<u>341</u>	<u>351</u>	<u>161</u>

The accompanying notes form part of these financial statements

Notes to the financial statements (unaudited) For the six months ending 31 December 2017

1 Reporting entity

The financial statements presented here are for the reporting entity Dunedin Railways Limited.

Dunedin Railways Limited registered a change of name from Taieri Gorge Railways Limited on 1 December 2017.

Dunedin Railways Limited (the Company) is a Council Controlled Organisation as defined in the Local Government Act 2002. The Company, incorporated in New Zealand under the Companies Act 1993, is 72% owned by Dunedin City Holdings Limited which is wholly owned by the ultimate parent of the Group, Dunedin City Council. Otago Excursion Train Trust owns 28% of the Company.

The registered address of the Company is 50 The Octagon, Dunedin 9016.

The financial statements of Dunedin Railways Limited are for the six months ended 31 December 2017 and comply with the Financial Reporting Act 1993.

The primary objective of Dunedin Railways Limited is to profitably provide high quality tourist experiences developed from our core products of tourist and charter train services.

These financial statements are presented in New Zealand dollars because that is the currency of the primary economic environment in which the Company operates.

Dunedin Railways Limited is a For-profit entity.

2 Basis of preparation

The financial statements for the period ended 31 December 2017 are unaudited.

The financial statements have been prepared in accordance with and comply with PBE IAS 34, Interim Financial Reporting as it applies to Tier 2 entities, and should be read in conjunction with the audited financial statements for the year ended 30 June 2017.

The accounting policies applied are consistent with those published in the annual report for the year ended 30 June 2017.

The judgements, estimates and assumptions used to prepare these interim financial statements are consistent with those used at 30 June 2017.

Notes to the financial statements (unaudited) For the six months ending 31 December 2017

3 Reconciliation of operating surplus to net cash flows from operating activities

	6 months to 31 Dec 2017 \$'000	6 months to 31 Dec 2016 \$'000	12 months to 30 Jun 2017 \$'000
Net loss after tax	(634)	(470)	137
<i>Items not involving cash flows</i>			
Depreciation	161	157	309
Other	(258)	-	94
<i>Impact of changes in working capital items</i>			
(Increase)/Decrease in receivables	(638)	(435)	(114)
Increase/(Decrease) in GST payable	(191)	94	33
Increase/(Decrease) in trade and other payables	353	(66)	(87)
Net cash inflows from operating activities	(1,207)	(720)	372

4 Property, plant and equipment

	6 months to 31 Dec 2017 \$'000	6 months to 31 Dec 2016 \$'000	12 months to 30 Jun 2017 \$'000
Additions	308	204	351
Disposals	-	-	-
Capital commitments	-	175	-

There have been no material changes in fair value for all property, plant and equipment asset classes between 30 June 2016 and 31 December 2016.

5 Term borrowings

	as at 31 Dec 2017 \$'000	as at 31 Dec 2016 \$'000	as at 30 Jun 2017 \$'000
Dunedin City Treasury Limited			
Loan balance	2,030	1,535	335

**Notes to the financial statements (unaudited)
For the six months ending 31 December 2017**

6 Financial instruments

All financial assets are recognised at cost/face value while financial liabilities are recognised at amortised cost except derivative financial instruments which are recognised at fair value.

7 Contingent liabilities

The company has no contingent liabilities at the end of each reporting period.

8 Industry segment reporting

The company operates a single business stream being a tourism based passenger train service, in a single geographic segment, the South Island of New Zealand.

DUNEDIN RAILWAYS

WORLD CLASS TRAIN TRIPS

Directory

Directors

Geoff R Thomas (Chair)
Gary M T Williams retired Dec 2017
Hon. Stan Rodger (Deputy Chair)
Richard Roberts
Graeme M Smart
David W Wood
Judy A Bevin appointed Jan 2018

Registered Office

50 The Octagon
Dunedin 9016

Bankers

BNZ
Dunedin

Solicitors

Anderson Lloyd
Dunedin

Tax Advisors

Deloitte
Dunedin

Auditor

Audit New Zealand on behalf of the Controller and Auditor-General