Wellington Regional Economic Development Agency Limited
Financial statements
for the year ended 30 June 2023

Contents

Grant Thornton

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF WELLINGTON REGIONAL ECONOMIC DEVELOPMENT AGENCY LIMITED'S GROUP FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2023

The Auditor-General is the auditor of Wellington Regional Economic Development Agency Limited and its controlled entities (collectively referred to as 'the Group') . The Auditor-General has appointed me, Brent Kennerley, using the staff and resources of Grant Thornton New Zealand Limited, to carry out the audit of the financial statements and performance information of the group, on his behalf.

Opinion

We have audited:

- the financial statements of the Group on pages 7 to 32, that comprise the consolidated statement of financial position as at 30 June 2023, the Consolidated statement of comprehensive revenue and expenses, consolidated statement of changes in equity and consolidated 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 34 to 36.

Qualified Opinion

In our opinion, except for the possible effects of the matters described in the Basis for our Qualified opinion section of our report:

- the financial statements of the Group on pages 7 to 32:
    - present fairly, in all material respects:
        - its financial position as at 30 June 2023; and
        - its financial performance and cash flows for the year then ended; and
    - comply with generally accepted accounting practice in New Zealand in accordance with the Public Benefit Group Reporting Standards Reduced Disclosure Regime; and

- the performance information of the Group on pages 34 to 36 presents fairly, in all material respects, the group's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Group's objectives for the year ended 30 June 2023.

Our audit was completed on 31 October 2023. This is the date at which our qualified opinion is expressed. We acknowledge that our audit was completed later than required by the Local Government Act 2002.

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

Basis for our Qualified opinion

Financial Statements: insufficient evidence to support the carrying value of the Group's share investments

We were unable to obtain sufficient appropriate evidence to support the carrying value of the Group's share investments in incubator and accelerator companies recorded in the statement of financial position at $1,695,904 (2022: $1,879,471) and the associated fair value movement of investments of ($183,567) (2022: $395,888) recognised in the statement of comprehensive revenue and expenses.

Note 8 to the financial statements explains how the carrying value of shares in incubator and accelerator companies has been determined and the uncertainties in measuring that value. The Group has accounted for the value of its investment using a variety of metrics including the price of the most recent share transactions and relies on information supplied by the companies it invests in.

We have been unable to obtain sufficient appropriate evidence to conclude that the carrying value of the investments and associated fair value movement are materially correct. This is because there is a lack of recent share transaction activity for some investments in the investment portfolio, and some key judgements are not sufficiently supported.

Performance information: insufficient evidence to support the direct economic impact of WellingtonNZ's activities and interventions

The Group's performance information includes a performance measure on the direct economic impact of WellingtonNZ's activities and interventions. The carrying value of the Group's share investments in incubator and accelerator companies is included within this performance measure. For the same reason outlined above we were unable to obtain assurance that the direct economic impact of WellingtoNZ's activities and interventions is materially accurate.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- We obtain sufficient appropriate audit evidence regarding the financial statements and the performance information of the entities or business activities within the group to express an opinion on the consolidated financial statements and performance information. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included on page 6, but does not include the financial statements and the performance information, and our auditor's report thereon.

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

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

Independence

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

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

Brent Kennerley
Grant Thornton New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

Statement of compliance

The Board and Management of the Wellington Regional Economic Development Agency Limited (WREDA the Company and Group) confirm that all 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 WREDA's financial statements and the judgements used in them
- having in place a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial and service performance reporting.

In our opinion:

- the financial statements fairly reflect the financial position of WREDA as at 30 June 2023 and its operations for the year ended on that date
- the service performance statements fairly reflect the performance achievements for WREDA for the year reported.

Tracey Bridges
CHAIR

31 October 2023

Jill Hatchwell
CHAIR, RISK AND AUDIT COMMITTEE

31 October 2023

Wellington Regional Economic Development Agency Limited
Consolidated statement of comprehensive revenue and expenses
For the year ended 30 June 2023

	Note	**Actual 2023 $**	**Group Budget 2023 $**	Actual 2022 $
Revenue				
Non-exchange transactions	2	**26,433,442**		22,465,046
Exchange transactions	2	**4,147,251**		5,712,181
Interest revenue		**346,721**		81,520
Total revenue		**30,927,414**	**31,652,024**	28,258,747
Expenses				
Personnel costs	3	**(14,870,088)**		(12,950,581)
Directors' fees and expenses	21	**(292,083)**		(264,167)
Depreciation and amortisation	6,7	**(277,074)**		(247,382)
Other expenses	4	**(16,207,616)**		(14,966,523)
Total expenses		**(31,646,861)**	**(31,552,024)**	(28,428,653)
Surplus/(deficit) before income tax		**(719,447)**	**100,000**	(169,906)
Income tax expense	5	**65,699**		73,750
Surplus/(deficit) for the year		**(653,748)**	**100,000**	(96,156)
Other comprehensive revenue and expense				
Fair value movement of investment	8	**(183,567)**		395,888
Total other comprehensive income		**(183,567)**		395,888
Total comprehensive income		**(837,315)**	**100,000**	299,732

The accompanying notes form part of these financial statements.
Explanation of major variances against the original 2022/23 budget are provided in note 25.

Wellington Regional Economic Development Agency Limited
Consolidated statement of financial position
As at 30 June 2023

	Note	**Actual 2023 $**	**Group Budget 2023 $**	Actual 2022 $
ASSETS				
Current assets				
Cash and cash equivalents	11	**8,174,856**		6,214,043
Trade and other receivables	9	**4,703,682**		2,779,553
Prepayments		**117,501**		289,813
Other financial assets	10	**1,400**		803,402
Inventories		**7,102**		13,019
Total current assets		**13,004,541**	**5,607,040**	10,099,830
Non-current assets				
Property, plant and equipment	6	**587,048**		725,519
Intangible assets	7	**538,142**		13,448
Investments in incubator and accelerator companies	8	**1,695,904**		1,879,471
Deferred tax assets	5	**199,683**		161,391
Total non-current assets		**3,020,777**	**2,237,024**	2,779,829
Total assets		**16,025,318**	**7,844,064**	12,879,659
LIABILITIES				
Current liabilities				
Trade payables	13	**2,241,168**		1,733,695
Employee entitlements	12	**824,422**		786,918
Sundry creditors and accruals	14	**470,956**		484,466
Deferred revenue		**9,185,437**		5,868,187
Taxes payable/(receivable)	15	**91,557**		(42,700)
Total current liabilities		**12,813,540**	**4,094,703**	8,830,566
Total liabilities		**12,813,540**	**4,094,703**	8,830,566
Net assets		**3,211,778**	**3,749,361**	4,049,093
EQUITY				
Contributed equity		**1,000**		1,000
Accumulated funds		**794,571**		1,448,319
Other reserves		**839,070**		1,022,637
Capital injection from shareholder		**1,577,137**		1,577,137
Total equity		**3,211,778**	**3,749,361**	4,049,093

The accompanying notes form part of these financial statements.
Explanation of major variances against the original 2022/23 budget are provided in note 25.

Wellington Regional Economic Development Agency Limited
Consolidated statement of changes in equity
For the year ended 30 June 2023

	Note	**Actual 2023 $**	**Group Budget 2023 $**	Actual 2022 $
Balance at 1 July		**4,049,093**	**3,649,361**	3,749,361
Surplus for the year		**(653,748)**	**100,000**	(96,156)
Movement in investment reserve		**(183,567)**	**-**	395,888
Balance at 30 June	16	**3,211,778**	**3,749,361**	4,049,093
Accumulated Funds				
Balance at 1 July		**1,448,319**	**1,448,319**	1,544,475
Surplus for the year		**(653,748)**	**100,000**	(96,156)
Balance at 30 June		**794,571**	**1,548,319**	1,448,319
Other reserves				
Balance at 1 July		**1,022,637**	**-**	626,749
Movement in fair value reserve		**(183,567)**	**-**	395,888
Balance at 30 June		**839,070**	**-**	1,022,637

The accompanying notes form part of these financial statements.
Explanation of major variances against the original 2022/23 budget are provided in note 25.

Wellington Regional Economic Development Agency Limited
Consolidated statement of cash flows
For the year ended 30 June 2023

	Actual 2023 $	Group Budget 2023 $	Actual 2022 $
Cash flows from operating activities			
Receipts from other revenue	**5,944,260**		6,724,121
Receipts from grants	**27,824,682**		22,632,676
Payments to suppliers / employees	**(31,722,664)**		(28,427,739)
Goods and Services tax received / (paid)	**(332,086)**		(510,647)
Payment of Performance Bond	**-**		88,312
Income tax received / (paid)	**(243,513)**		(137,198)
Net cash flow from operating activities	**1,470,679**	**100,000**	369,525
Cash flows from investing activities			
Interest received	**346,721**		81,491
Receipts from sale of Investments	**3,600**		234,697
Proceeds from sale of property, plant and equipment	**5,101**		687
Proceeds from term deposits	**802,402**		-
Purchases of property, plant and equipment	**(131,625)**		(309,377)
Investment in term deposits	**-**		(802,402)
Repayment of loan	**-**		(73,312)
Purchases of intangible assets	**(536,000)**		-
Net cash flow from investing activities	**490,199**	**-**	(868,216)
Cash flows from financing activities			
Interest paid on borrowings	**(65)**		-
Finance lease repayment	**-**		(25,342)
Loan to subsidiary	**-**		(1,000)
Net cash flow from financing activities	**(65)**	**-**	(26,342)
Net increase in cash and cash equivalents	**1,960,813**	**100,000**	(525,033)
Cash and cash equivalents at beginning of the period	**6,214,043**	**4,500,000**	6,739,076
Cash, cash equivalents, and bank overdrafts at the end of the year	**8,174,856**	**4,600,000**	6,214,043

The accompanying notes form part of these financial statements.
Explanation of major variances against the original 2022/23 budget are provided in note 25.

1 Statement of accounting policies

Reporting entity

Wellington Regional Economic Development Agency Limited (WellingtonNZ or WREDA), the controlling entity and 'Parent', is a council controlled organisation as defined under section 6 of the Local Government Act 2002 and domiciled in New Zealand. WellingtonNZ is a public benefit entity for the purposes of financial reporting.

The controlling entities registered office is 175 Victoria Street, Wellington and its principal place of business is both 175 Victoria Street and 111 Wakefield Street, Wellington.

These consolidated financial statements for the year ended 30 June 2023 comprise the controlling entity and its controlled entity, together referred to as the 'Group' and individually as 'Group Entities'.

WellingtonNZ combines activities, functions and funding of particular business units previously under the control of the Wellington City Council and the Greater Wellington Regional Council. WellingtonNZ is the 100% shareholder of Creative HQ Limited, the regions business incubator and accelerator, which also has a reporting date for the year ended 30 June 2023.

WellingtonNZ's purpose in 2023 was to make the Wellington Region wildly famous. This purpose reflects our central role in placemaking and storytelling, and in attracting people to our region, as the best place in New Zealand to visit, host an event, start and sustain a business, make a film, study, migrate to or invest in. By making our region wildly famous, we create a platform for the region to prosper – both economically but also in terms of vibrancy and liveability.

Our vision is that the Wellington regional economy is thriving with more people participating in the benefits. This means more opportunities for people – to study, work and enjoy and participate in all that the region has to offer.

Basis of preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). The financial statements have been prepared in accordance with Tier 2 PBE Standards and disclosure concessions have been applied. WREDA meets the requirement for Tier 2 PBE accounting standards as its expenses are generally less than $30 million, but greater than $2m and is not defined as publicly accountable in accordance with the PBE accounting standards. During 2023 various programmes of work meant expenditure was higher than $30m, however this is not expected to be the case in 2024. The accounting policies have also been applied consistently throughout the year.

These financial statements were authorised for issue by the Board of Directors on 31 October 2023.

(b) Measurement basis

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position, which are measured at fair value:

- Investment in incubator and accelerator companies
- Other financial assets

(c) Functional and presentation currency

The financial statements are presented in New Zealand dollars ($) which is the controlling entity's functional and Group's presentation currency.

There has been no change in the functional currency of the Group during the year.

(d) Changes in accounting policies

Financial instruments (PBE IPSAS 41)

During the year, WellingtonNZ adopted PBE IPSAS 41 Financial Instruments with an effective date of 1 January 2022. PBE IPSAS 41 supersedes and replaces PBE IFRS 9. Under PBE IPSAS 41, the main changes relevant to WellingtonNZ are the new financial asset classification and measurement models that considers the characteristics of the asset's cash flows and the objective for which the asset is held.

1 Statement of accounting policies (continued)

Service Performance Reporting (PBE FRS 48)

During the year, WellingtonNZ adopted PBE FRS 48 Service Performance Reporting with an effective date of 1 January 2022. PBE FRS 48 establishes requirements for WellingtonNZ to select and present service performance information, including contextual information to understand why the entity exists and what it plans to achieve. The entity should also provide information about what the entity has done during the period in working towards its broader aims and objectives.

There have been no other changes in the controlling entity and Group's accounting policies since the date of the last audited financial statements. The accounting policies are detailed in the following notes and have been applied consistently to all periods presented in these financial statements and have been applied consistently by the Group.

Standards issued and not yet effective that have been early adopted

WellingtonNZ has not adopted early any Accounting Standards that are issued but not yet effective.

Standards issued and not yet effective that and not early adopted

There are no standards and amendments, issued but not yet effective that have not been early adopted, and which are relevant to WellingtonNZ.

Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

(a) Judgements

Judgements made in applying accounting policies that have had the most significant effects on the amounts recognised in the consolidated financial statements include the following:

- Intangible assets are considered to have finite lives. Refer to Note 7.
- The parent's subsidiary is considered to be 100% under the parent's control. Refer to Note 27.
- The loan issued is assumed that it will be repayable in full. Refer to Note 10.

(b) Estimation and assumption uncertainties

Estimation and uncertainties that have a significant risk of resulting in a material adjustment in the year ended 30 June 2023 include the following:

- Uncertainties are inherent in estimating fair value of the investments in incubator, accelerator companies and investment in associate 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 be realised if a sale was completed.

Significant accounting policies are included within the notes below to which they relate. Other significant accounting policies that do not relate to a note are included within Note 26.

(c) Budget figures

The budget figures are those approved by the Board in the 2022-25 Statement of Intent. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by WellingtonNZ in preparing these financial statements.

2 Revenue

Revenue is recognised when the amount of revenue can be measured reliably, and it is probable that economic benefits will flow to the Group and measured at the fair value of consideration received or receivable.

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

Revenue from non-exchange transactions

Non exchange transactions are only those where the Group receives an inflow of resources (i.e. cash and other tangible or non-tangible items) but provides no (or nominal) direct consideration in return. The group considers its revenue received for core funding from shareholders, government grants and management fees from its shareholder to be non-exchange revenue.

Revenue from exchange transactions

Revenue from exchange transactions arises where WellingtonNZ provides goods or services to another entity or individual and receives approximately equal value or greater in a willing arm's length 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 (deferred revenue).

(ii) Service Revenue

Service revenues are grants received by WellingtonNZ in large from its shareholders Wellington City Council and Greater Wellington Regional Council as well as both central Government organisations and private sector organisations. Service revenues are used to further economic development in the Wellington Region. WellingtonNZ received additional central Government funding for targeted responses to the economic recovery during the Covid-19 pandemic.

(iii) Management fees

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

Fees are chargeable at a value equivalent to the aggregate of employee and directors' costs contained within the Parent's venue management division and fluctuate year on year depending on those costs.

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.

(iv) Sponsorship

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.

(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.

2 Revenue (continued)

	Group	
	Actual 2023 $	Actual 2022 $
Revenue from non-exchange transactions		
Shareholders	**23,456,843**	19,242,189
Central government	**2,145,527**	2,094,166
Other	**831,072**	1,128,691
Total revenue from non-exchange transactions	**26,433,442**	22,465,046

Revenue from exchange transactions		
Service revenue	**2,809,045**	4,478,014
Sponsorship	**413,267**	616,510
Other	**924,939**	617,657
Total revenue from exchange transactions	**4,147,251**	5,712,181

3 Personnel costs

A. 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.

B. Defined contribution schemes

Obligations for contributions to KiwiSaver are accounted for as defined contribution superannuation schemes and are recognised as an expense in the surplus or deficit when incurred.

	Group	
	Actual 2023 $	Actual 2022 $
Salaries and wages	**14,313,301**	12,304,198
KiwiSaver contributions	**409,049**	341,454
Increase / (decrease) in employee entitlements/liabilities	**37,504**	190,930
Other personnel costs	**110,234**	113,999
Total personnel costs	**14,870,088**	12,950,581

4 Other expenses

	Group	
	Actual 2023 $	Actual 2022 $
Event sponsorship and activation, including Major Events	**6,243,285**	4,243,052
Marketing, advertising and printing costs of delivering programs of work	**5,663,574**	6,145,145
Information and communication technology	**835,148**	787,809
Contractors	**769,470**	1,705,700
Rent	**586,705**	533,854
Other expenses	**464,177**	439,054
Travel	**387,077**	156,262
Recruitment, training and development	**325,205**	273,428
Consultants and legal fees	**295,275**	223,507
Direct costs – i-SITE	**278,188**	62,674
Audit fees	**99,033**	90,511
Conferences and catering	**65,620**	86,163
Cleaning	**55,859**	60,382
Membership fees	**48,083**	59,419
Repairs and maintenance	**37,297**	37,350
Stationery and office printing	**23,611**	24,369
Utilities	**23,117**	27,413
Leased copier and office equipment	**6,569**	7,251
Loss on disposal of asset	**323**	3,180
Total other expenses	**16,207,616**	14,966,523

5 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.

5 Income Tax (continued)

	Group Actual 2023 $	Group Actual 2022 $
Components of tax expense		
Current tax expense	**-**	20,831
Adjustments to current tax in prior years	**(59,214)**	-
Adjustments to deferred tax in prior years	**(879)**	-
Overseas withholding tax non-reclaimable	**31,807**	26,034
Deferred tax expense	**(37,413)**	(120,615)
Tax expense	**(65,699)**	(73,750)
Relationship between tax expense and accounting profit		
Net deficit before tax	**(719,447)**	(169,906)
Tax at 28%	**(201,445)**	(47,574)
Plus / (less) tax effect of:		
Non-deductible expenditure	**7,283,940**	5,843,663
Non-assessable income	**(7,119,216)**	(5,893,426)
Overseas withholding tax non-reclaimable	**31,807**	26,034
Prior period adjustment	**(60,093)**	(2,422)
Deferred tax adjustment	**(692)**	(25)
Tax expense	**(65,699)**	(73,750)

Deferred tax asset / (liability) Group	**Property, plant and equipment $**	**Intangible assets $**	**Employee entitlements $**	**Other provisions $**	**Tax losses $**	**Total $**
Balance at 30 June 2021	(95,703)	(7,657)	135,443	8,693	-	40,776
Charged to surplus or deficit	(22,842)	3,892	25,834	(2,979)	116,710	120,615
Charged to other comprehensive income	-	-	-	-	-	-
Balance at 30 June 2022	(118,545)	(3,765)	161,277	5,714	116,710	161,391
Charged to surplus or deficit	22,060	(146,915)	20,389	7,116	135,642	38,292
Charged to other comprehensive income	-	-	-	-	-	-
Balance at 30 June 2023	(96,485)	(150,680)	181,666	12,830	252,352	199,683

6 Property, plant and equipment

Property, plant and equipment consists of:

Furniture and equipment – included within the office environment that WREDA operates, including but not limited to desks, chairs, cupboards etc.

Property improvements – within the buildings that WREDA leases to operate within, included but not limited to decoration, carpet etc.

Computer hardware – computers for employees including laptops, printers etc.

A. Recognition and measurement

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.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

B. Subsequent expenditure

Subsequent Expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

C. Depreciation

Depreciation is recognised in surplus or deficit on a straight-line basis on all property, plant and equipment over the estimated useful life

The estimated useful lives:

a.	Computer hardware	2-3 years
b.	Property improvement	2-8 years
c.	Furniture and equipment	3-10 years

D. Additions

The cost of an item of property, plant, and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to the group and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated. An item of property, plant and equipment is initially recognised at its cost.

Costs incurred after initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the group and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant, and equipment are recognised in the surplus or deficit as they are incurred.

E. Disposals

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

Property, plant, and equipment that have a finite useful life are reviewed for impairment at each balance date and 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 its value in use.

6 Property, plant and equipment (continued)

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable amount. The reversal of an impairment loss is recognised in the surplus or deficit.

Value in use for non-cash-generating assets.

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return. For non-cash-generating assets, value in use is determined using an approach based on a depreciated replacement cost approach. All WREDA's assets are non-cash generating.

Value in use for cash-generating assets.

Cash-generating assets are those assets that are held with the primary objective of generating a commercial return. The value in use for cash-generating assets and cash-generating units is the present value of expected future cash flows. WREDA does not currently hold any cash-generating assets.

F. Critical accounting estimates and assumptions/ restrictions of titles

No critical assumptions have been applied to assets held. There are no restrictions on titles nor have any property, plant or equipment been pledged as security for liabilities.

G. Work in progress

No work in progress assets are currently held.

H. Capital commitments

The group holds no contractual commitments for acquisition of assets.

6 Property, plant and equipment (continued)

Group	Furniture and equipment $	Property improvement $	Computer hardware $	Total $
Cost				
At 1 July 2021	**760,909**	**347,702**	**245,278**	**1,353,889**
Additions	211,648	-	100,589	312,237
Disposals	(14,856)	-	(10,814)	(25,670)
At 30 June 2022	**957,701**	**347,702**	**335,053**	**1,640,456**
At 1 July 2022	**957,701**	**347,702**	**335,053**	**1,640,456**
Additions	79,022	-	52,626	131,648
Disposals	(4,606)	-	(86,795)	(91,401)
At 30 June 2023	**1,032,117**	**347,702**	**300,884**	**1,680,703**
Depreciation				
At 1 July 2021	**(378,946)**	**(152,849)**	**(172,013)**	**(703,808)**
Depreciation for the period	(111,192)	(68,856)	(53,434)	(233,482)
Write back of depreciation on disposal	11,539	-	10,814	22,353
At 30 June 2022	**(478,599)**	**(221,705)**	**(214,633)**	**(914,937)**
At 1 July 2022	**(478,599)**	**(221,705)**	**(214,633)**	**(914,937)**
Depreciation for the period	(124,287)	(71,496)	(69,985)	(265,768)
Write back of depreciation on disposal	3,041	-	84,009	87,050
At 30 June 2023	**(599,845)**	**(293,201)**	**(200,609)**	**(1,093,655)**
Net book value				
As at 1 July 2021	**381,963**	**194,853**	**73,265**	**650,081**
As at 30 June 2022	**479,102**	**125,997**	**120,420**	**725,519**
As at 30 June 2023	**432,272**	**54,501**	**100,275**	**587,048**

7 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, websites 3 years

Amortisation is recognised in the consolidated 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.

Acquired software licenses are capitalised based on 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.

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.

There are no internally generated intangible assets. There are no contractual commitments for acquisition of any intangible assets nor any restriction or titles. No intangible assets have been pledged as security for liabilities or have any restrictions on titles. No critical assumptions have been applied to intangible assets held.

7 Intangible assets (continued)

Management review intangible assets on a periodic basis and are currently of the view that there is no impairment to these assets.

	Group	
	Actual 2023 $	Actual 2022 $
Cost at 1 July	**166,767**	166,767
Additions	**536,000**	-
Cost at 30 June	**702,767**	166,767
Amortisation at 1 July	**(153,319)**	(139,419)
Amortisation for the period	**(11,306)**	(13,900)
Amortisation at 30 June	**(164,625)**	(153,319)
Net book value at 30 June	**538,142**	13,448

8 Investments in incubator, accelerator companies and associates

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 receives shares from clients involved in its incubation programme as part consideration for the services and support provided by Creative HQ and the Lightning Lab to the client. The shares 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.

Creative HQ 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 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 though other comprehensive revenue and expense.

The valuation of these investments is undertaken by Creative HQ using accepted industry guidelines. The International Private Equity and Venture Capital Valuation Guidelines (IPEV) have been accepted as the industry standard guidelines 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 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 the 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 after 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 2023 the valuation of Creative HQ’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. Creative HQ is reliant on receiving recent investment information from incubator and accelerator companies directly through yearly information requests.

8 Investments in incubator, accelerator companies and associates (continued)

	Group	
	Actual 2023 $	Actual 2022 $
Opening balance	**1,879,471**	1,437,025
Additions	**-**	46,558
Movement in fair value of accelerator and incubator companies	**(183,567)**	395,888
Total	**1,695,904**	1,879,471

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 information provided by each company.

At year end, the fair value of its investments has been determined at $1,695,904 (2022: $1,879,471). Notwithstanding the uncertainty of the valuation of the investment, the Creative HQ 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.

Creative HQ's exposure to changes in investment value could be material to the financial statements. As Creative HQ is not reliant on the cash flows from the investments, changes in value do not impact the underlying viability of Creative HQ or the Group. The Creative HQ 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 Creative HQ and Group.

Associates

An associate is an entity over which Creative HQ has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognised in the statement of financial position at cost and adjusted thereafter to recognise Creative HQ's share of the profit or loss and other comprehensive income of the associate.

Lightning Lab Fintech 2017 Limited Partnership, an associate of Creative HQ, also holds early-stage shares and applies an accounting policy for these that is consistent with Creative HQ's accounting policy for investments.

8 Investments in incubator, accelerator companies and associates (continued)

Investment in associate

At 30 June 2023, there were no investments in associates (2022: as below)

Creative HQ had a 73.08% interest in the Lightning Lab Fintech 2017 Limited Partnership (LP). Creative HQ was also the General Partner for this partnership. The Partnership invests in early-stage companies and those are measured at fair value.

During the prior year, the limited partners agreed to transfer the remaining investment Tapi Limited, to direct shareholdings for each of the limited partners and to progress with the disestablishment of the LP. The transfer of the Tapi Limited shares took place on 27 October 2021. The General Partner completed the final set of financial statements for the 13 months ended 30 April 2022. The partnership was officially deregistered on 7 September 2022.

At 30 June 2023, the value of the CHQ interest in the Limited Partnership is $nil (2022: $nil). The Partnership has a balance date of 31 March, and this date is used to value CHQ's interest.

	Group	
	Actual 2023 $	Actual 2022 $
Opening balance	**-**	52,729
Share transfer to direct holding by Creative HQ	**-**	(49,980)
Share of associate's net deficit	**-**	(2,749)
Prior year difference	**-**	-
Total investment in associate	**-**	-
Assets	**-**	-
Liabilities	**-**	-
Revenue	**-**	-
Total comprehensive revenue and expense	**-**	-
Creative HQ's shares of total comprehensive revenue and expense	**-**	-

The uncertainties and judgements exercised in measuring the fair value of the unlisted shares held by the Limited Partnership is similar to that explained above for shares held by Creative HQ in incubator and accelerator companies.

9 Trade and other receivables

Short-term receivables are recorded at the amount due, less any provision for collectability. A receivable is considered to be uncollectable when there is evidence that the amount due will not be fully collected. The amount that is uncollectable is the difference between the amount due and the present value of the amount expected to be collected. The group does not currently have any receivables considered to be impaired.

	Group	
	Actual 2023 $	Actual 2022 $
Trade receivables	**3,768,304**	2,213,388
Management fee receivable	**258,060**	179,085
Sundry receivables	**677,318**	387,080
Total receivables	**4,703,682**	2,779,553

Receivables are non-interest bearing and are generally on terms of 30 days. Therefore, the carrying value of receivables approximates their fair value.

	Group	
	Actual 2023 $	Actual 2022 $
Ageing profile		
Gross receivables	**4,703,682**	2,779,553
Provision for non-collectability	**-**	-
Total receivables	**4,703,682**	2,779,553
Not past due	**4,453,232**	2,714,436
Past due 0-3 months	**167,459**	65,100
Past due 3-6 months	**39,517**	17
Past due more than 6 months	**43,474**	-
Total individual impairment	**4,703,682**	2,779,553

10 Other financial assets

Other financial assets are initially recognised at fair value. They are then classified as, and subsequently measured under, the following categories:

- amortised cost;
- fair value through other comprehensive revenue and expense (FVTOCRE); and
- fair value through surplus and deficit (FVTSD).

Transaction costs are included in the value of the financial asset at initial recognition unless it has been designated at FVTSD, in which case it is recognised in surplus or deficit.

The classification of a financial asset depends on its cash flow characteristics and group's management model for managing them.

A financial asset is classified and subsequently measured at amortised cost if it gives rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal outstanding and is held within a management model whose objective is to collect the contractual cash flows of the asset.

A financial asset is classified and subsequently measured at FVTOCRE if it gives rise to cash flows that are SPPI and held within a management model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

10 Other financial assets (continued)

Financial assets that do not meet the criteria to be measured at amortised cost or FVTOCRE are subsequently measured at FVTSD. However, the group may elect at initial recognition to designate an equity investment not held for trading as subsequently measured at FVTOCRE.

Financial assets at amortised cost
Financial assets classified at amortised cost are subsequently measured at amortised cost using the effective interest method, less any expected credit losses (ECL). Where applicable, interest accrued is added to the investment balance.

Financial assets at FVTOCRE
Financial assets in this category that are debt instruments are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense, except ECL and foreign exchange gains and losses are recognised in surplus or deficit. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified to surplus and deficit.

Financial assets in this category that are equity instruments designated as FVTOCRE are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense. There is no assessment for impairment when fair value falls below the cost of the investment. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is transferred to accumulated funds within equity. The group designate into this category all equity investments that are not held for trading as they are strategic investments that are intended to be held for the medium to long-term.

Financial assets at FVTSD
Financial assets in this category are subsequently measured at fair value with fair value gains and losses recognised in surplus or deficit.

Interest revenue and dividends recognised from these financial assets are separately presented within revenue.

In the current year, Creative HQ loaned Venture Studio Limited, a wholly owned subsidiary, $400 (2022: $1,000) to cover administrative expenses. The total value loaned is now $1,400.

	Group	
	Actual 2023 $	Actual 2022 $
Loan to WCET	**-**	75,000
Loan to subsidiary	**1,400**	1,000
Repayments	**-**	(75,000)
Term deposits	**-**	802,402
Total other financial assets	**1,400**	803,402

11 Cash and cash equivalents

Cash and cash equivalents include cash on hand. There are no restrictions over cash.

	Group	
	Actual 2023 $	Actual 2022 $
Cash at bank and on hand	**8,174,856**	6,214,043
Total cash and cash equivalents	**8,174,856**	6,214,043

12 Employee entitlements

Employee entitlements are all due to be settled within 12 months after the end of the year in which the employee provides the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date. The group holds no liability for employee entitlements greater than 12 months. A liability and an expense are recognised for bonuses where the group has a contractual obligation or where there is a past practice that has created a constructive obligation and a reliable estimate of the obligation can be made. No accruals are made for sick leave as the probability of any requirement cannot be accurately recorded.

	Group	
	Actual 2023 $	Actual 2022 $
Annual leave	**754,886**	736,187
Accrued salaries and wages	**69,536**	50,731
Total employee entitlements	**824,422**	786,918

13 Trade 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.

Trade payables are non-interest bearing and are normally settled on 20th of the month following terms. All payables are current and recorded at amounts payable.

	Group	
	Actual 2023 $	Actual 2022 $
Total trade payables - exchange transactions	**2,241,168**	1,733,695

14 Sundry creditors and accruals

	Group	
	Actual 2023 $	Actual 2022 $
Expense accrual	**200,432**	321,677
Audit fee accrual	**172,945**	102,912
ACC payable	**29,432**	20,400
Other payables	**68,147**	39,477
Total sundry creditors and accruals	**470,956**	484,466

15 Taxes receivable / (payable)

	Group	
	Actual 2023 $	Actual 2022 $
GST (payable) / receivable	**(183,669)**	74,374
Income tax (payable) / receivable	**92,112**	(31,674)
Total taxes (payable) / receivable	**(91,557)**	42,700

16 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.

17 Operating and finance 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.

Operating leases as lessee

The Group leases buildings, plant and equipment in the normal course of its business. The Group can renew leases at its own discretion at current market rates. There are no restrictions placed on the Group by any of the leasing arrangements.

Future minimum lease payments payable under non-cancellable operating leases are as follows:

	Group	
	Actual 2023 $	Actual 2022 $
No later than one year	**455,075**	494,500
Later than one year but not later than five years	**1,388,635**	131,136
Later than five years	**241,371**	-
Total non-cancellable operating lease	**2,085,081**	625,636

18 Contingent liabilities and guarantees

Unquantified Contingent Liability – Holiday Pay remediation

Several New Zealand's public and private organisations have identified issues with the calculation of leave entitlements under the Holidays Act 2003 ("The Act"). WellingtonNZ, the parent company, utilised Wellington City Council ("Council") to perform payroll calculations for permanent staff who worked within WellingtonNZ' s Venues business until up until 1 June 2019. During 2019/20 Council completed its own review of payroll processes which identified instances of non-compliances with the Act. During 2020/21 Council has established a project team to better understand the areas of non-compliance with the Act. The work is split into two phases, rectification of known system configuration and business process issues initially while phase two will be the remediation.

Council have agreed that they will cover all costs on our behalf of any remediation that needs to occur. We therefore do not expect to have a liability to incur. We will continue to monitor Council's response in case that changes.

No other contingent assets or liabilities existed, and the Group had not entered into any guarantees. (2022: Nil).

19 Financial instruments

Financial instruments include financial assets (loans and receivables or recoverables) and financial liabilities (payables and borrowings). Financial instruments are classified into the categories outlined below based on the purpose for which they were acquired. The classification is determined at initial recognition and re-evaluated at the end of each reporting period.

	Group	
	Actual 2023 $	Actual 2022 $
Financial assets		
Financial assets at amortised cost		
Cash and cash equivalents	**8,174,856**	6,214,043
Receivables and recoverables	**4,703,682**	2,779,553
Other financial assets	**1,400**	803,402
Total financial assets at amortised cost	**12,879,938**	9,796,998
Financial assets at fair value through other comprehensive revenue & expenses		
Investments in incubator and accelerator companies	**1,695,904**	1,879,471
Total financial assets at fair value through other comprehensive revenue & expenses	**1,695,904**	1,879,471
Total financial assets	**14,575,842**	11,676,469
Financial liabilities		
Financial liabilities at amortised cost		
Trade and other payables	**2,241,168**	1,733,695
Sundry creditors and accruals	**470,956**	484,466
Total financial liabilities at amortised cost	**2,712,124**	2,218,161
Total financial liabilities	**2,712,124**	2,218,161

Fair value

The fair value of all financial instruments equates or are approximate to the carrying amount recognised in the consolidated statement of financial position.

Financial instruments are initially recognised on trade-date at their fair value plus transaction costs. Subsequent measurement of financial instruments depends on the classification determined by the Group.

Financial risk management

As part of its normal operations, the Group is exposed to a number of risks. The most significant are credit risk, liquidity risk and market risk, which includes interest rate risk. The Group's exposure to these risks and the action that the Group has taken to minimise the impact of these risks is outlined below:

Credit risk

Credit risk is the risk that a third party will default on its obligations to the Group, thereby causing a financial loss. The Group is not exposed to any material concentrations of credit risk. Exposure is considered to be the same as reported in the consolidated statement of financial position.

Receivables and recoverables balances are monitored on an ongoing basis with the result that the Group's exposure to bad debt is not significant.

Credit quality of financial assets

The credit quality of financial assets that are neither past due or impaired can be assessed by reference to Standard & Poor's credit ratings. All cash is held in a registered bank with a Standard & Poor's rating of AA-.

19 Financial instruments (continued)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty raising liquid funds to meet commitments as they fall due. The Group operates prudent liquidity risk management by maintaining sufficient cash to meet debts as they fall due. The Group operates within its budgets which have been set to operate alongside its financial policies.

Restatement to prior year balances

Other financial assets have been restated by $802,402 to $803,402 and Cash and cash equivalents have been restated by ($802,402) to $6,214,043. This is to reflect term deposits which had a term of greater than three months at 30 June2022.

20 Related party transactions

WREDA is a council controlled organisation that is controlled by a Board of Directors appointed by its shareholders. The Shareholders of WREDA are the Wellington City Council, which owns 80% of WREDA's shares and the Greater Wellington Regional Council, which owns the remaining 20%.

Related party means parties that are related if one party has the ability to either control the other party, or 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 is reasonable to expect the 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.

Related parties include key management personnel, directors and their close family members and entities controlled by them. Key management personnel are the chief executive of WREDA and Creative HQ Limited and the Senior Leadership team of WREDA, all of whom are employed as employees of the Group, on normal employment terms. Subsidiaries are also related parties due to WREDA's influence over them.

Directors

Director Thomas Pippos, whose term ended on 31 December 2021, was the National Chief Executive and then Chair of Deloitte. Deloitte provided accountancy services to WREDA's subsidiary Creative HQ Ltd (of which Thomas Pippos is not a director) during the period. These transactions were at arm's length.

Creative HQ loan from parent

During the period the parent has continued to provide Creative HQ with a $400,000 loan. Interest is charged and paid monthly at the official cash rate plus 1.5%. The loan has been eliminated upon consolidation. The loan was due for repayment in 2022. In 2023 repayment was deferred and both parties agreed to review repayment annually. The next review will be undertaken on 1 July 2024.

21 Directors' fees

The parent has 8 full time equivalents based on the length of service on the board (2022: 7) and the subsidiary has 6 full time equivalents on the same basis (2022: 6).

The total value of remuneration paid or payable to each Board Member during the year was:

	Actual 2023 $	Actual 2022 $
Parent WREDA Limited		
Tracey Bridges (Chair)	**50,000**	50,000
Thomas Pippos (resigned 31 December 2021)	**-**	12,500
Matthew Clarke (resigned 31 December 2022)	**12,500**	25,000
Wayne Mulligan	**25,000**	25,000
Kylie Archer	**25,000**	25,000
Steven Maharey (resigned 30 September 2022)	**6,250**	25,000
Jill Hatchwell (appointed 1 January 2022)	**25,000**	12,500
Joanne Healey	**25,000**	25,000
Paul Retimanu (appointed 1 October 2022)	**18,750**	-
David Wilks (appointed 1 October 2022)	**18,750**	-
Daphne Luke (appointed 1 September 2022)	**20,833**	-
Total WREDA directors' fees	**227,083**	200,000

	Actual 2023 $	Actual 2022 $
Subsidiary Creative HQ Limited		
Lance Walker	**20,000**	19,167
Susan Reynolds	**10,000**	10,000
Wayne Mulligan	**10,000**	10,000
Diana Siew	**10,000**	10,000
Trent Mankelow	**10,000**	10,000
John Allen, CEO WellingtonNZ	**5,000**	5,000
Total subsidiary directors' fees	**65,000**	64,167
Total directors' fees	**292,083**	264,167

22 Remuneration

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

As at 30 June 2023, the Group employed 127 (2022: 124) full time equivalent employees. The Group also employs a similar number of casual employees in its Venues Wellington division; however, this number fluctuates based on available work.

Severance payments

During the year the Group has made termination payments totalling $nil to nil employees (2022: $67,500 to 3 employees). The Group has made severance payments totalling $nil to nil employees (2022: $21,215 to 2 employees).

Key management personnel

Key management personnel of the Group for 2023 and 2022 were the Chief Executives of WREDA and Creative HQ Limited, the Senior Leadership Team of WREDA and the Boards of both entities.

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

22 Remuneration (continued)

	Group Actual 2023 $	Actual 2022 $
Key management personnel		
Directors' remuneration	**292,083**	264,167
WREDA Limited director full-time equivalents	**8**	7
Creative HQ director full-time equivalents	**6**	6
Key management personnel remuneration - non-directors	**3,197,275**	2,736,442
Management full-time equivalents	**15**	14

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 2023.

Key management personnel did not receive any remuneration or compensation other than in their capacity as key management personnel (2022: 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 (2022: nil). The Group did not provide any loans to key management personnel or their close family members (2022: nil). Key management personnel from a Group perspective are the Senior Leadership Team of WellingtonNZ (6) and the Leadership team of Creative HQ (9). One member of WellingtonNZ's SLT is currently on secondment to WCC. Their salary is included in the above, however approximately 80% of their salary is reimbursed from WCC.

The annual remuneration by band for employees as at 30 June are as follows and includes 10 additional employees for Creative HQ in 2023 after market rate adjustments and employment of staff at skill levels to deliver required work:

	Group Actual 2023	Actual 2022
No. of current employees		
$100,000 - $109,999	**10**	7
$110,000 - $119,999	**1**	4
$120,000 - $129,999	**7**	3
$130,000 - $139,999	**4**	5
$140,000 - $149,999	**5**	6
$150,000 - $159,999	**8**	3
$160,000 - $169,000	**2**	-
$170,000 - $179,999	**3**	-
$180,000 - $189,999	**1**	-
$190,000 - $199,999	**-**	1
$200,000 - $209,000	**1**	-
$230,000 - $239,999	**1**	2
$240,000 - $249,000	**2**	-
$250,000 - $259,999	**-**	1
$260,000 - $269,999	**1**	-
$280,000 - $289,999	**1**	1
$390,000 - $399,000	**-**	1
$400,000 - $409,999	**1**	-
Total employees	**48**	34

23 Events after the balance date

There were no events occurring after balance date which require adjustment to or disclosure in the financial statements.

24 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 Statement of Intent, which includes funding for the Group and its activities for the next three years.

25 Explanation of significant variances to budget

Statement of Comprehensive Revenue and Expense

Revenue

CreativeHQ budgeted for but did not win a $2m accelerator programme in Saudi Arabia. This along with other accelerator programmes that did not run in NZ has meant that revenue was lower than budgeted within CreativeHQ by nearly $3m. This lower revenue was offset by management revenue received for running Venues Wellington for WCC being higher within WellingtonNZ, due to a larger volume of events occurring than when originally budgeting. Overall, these movements did result in lower than budgeted revenue in the year.

Expenses

Whilst CreativeHQ's expenses reduced due to the loss of revenue, WellingtonNZ increased personnel costs to service the additional events within the Venues it operates on behalf of WCC, which is matched with the revenue discussed above. Additionally, Fifa Women's World Cup, which occurs in FY24, activation expenses were budgeted equally in FY23 and FY24. There were slightly more expenses incurred this financial year (FY23) than budgeted. This will mean lower expenditure in FY24 for this event. The net result is total expenditure close to budget.

Statement of Financial position

Current Assets and Liabilities are higher than budgeted due to more deferred revenue being held at year end than anticipated during budgeting. This included money from Central and Local Government and other commercial arrangements where funds were not expended as quick as anticipated, or programmes of work are occurring in FY24, rather than FY23. This has increased our cash holdings, receivables and also our deferred revenue.

Non-current assets are higher than budget as the parent undertook a website development project during the period that was not initially budgeted for

26 Other significant accounting policies

A. Provisions

The Group recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) because 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.

B. 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 Consolidated statement of financial position.

Commitments and contingencies are disclosed exclusive of GST.

27 Company structure

WREDA Limited is owned 20% by Greater Wellington Regional Council and 80% by Wellington City Council. WREDA Limited has a 100% owned subsidiary, Venture Studios Limited is a wholly owned subsidiary of CreativeHQ. This company is currently dormant and non-trading. Due to immateriality the financials have not been consolidated.

Creative HQ has a direct holding of 73.08% interest in the Lightning Lab Fintech 2017 Partnership, investing in early-stage companies. During the prior year, the limited partners agreed to transfer the remaining investment to direct shareholdings for each of the limited partners and to progress the disestablishment of the LP. The partnership was officially de-registered on 7 September 2022.

Directory for the year ended 30 June 2023 – Company No. 3237332

Shareholders	Wellington City Council 800 shares (80%) 101 Wakefield Street, Wellington 6011 New Zealand
	Greater Wellington Regional Council 200 shares (20%) 100 Cuba Street, Te Aro Wellington 6011 New Zealand
Registered office	175 Victoria Street Wellington 6011 New Zealand
Auditor	Grant Thornton Level 15, 215 Lambton Quay Wellington 6143 New Zealand
Bankers	ANZ Bank New Zealand Ltd 22 Willis Street, Wellington 6011 New Zealand
Solicitors	Quigg Partners Level 7, 36 Brandon Street Wellington 6011 New Zealand
	DLA Piper 50-64 Customhouse Quay Wellington 6011 New Zealand
Tax Accountants	PwC 10 Waterloo Quay Wellington 6011 New Zealand

WellingtonNZ

Statement of Service Performance Year ended 30 June 2023

Measure	2022/23 Actual	2022/23 Target	2021/22 Actual
Direct Economic Impact of WellingtonNZ's activities and interventions	$321.46m[i]	$150million	$99m
Number of different business engagements in WellingtonNZ programmes	3,302[ii]	2,200	2,926
Equivalent Advertising Value (EAV) from media activity	$20.79m[iii]	$20million	$27.9m
Value of expenditure generated from events (including business, performance and major events)	$103.34miv	$75million	$41m
The number of Wellington Region Residents that attend events.	615,181[v]	500,000	778,597
Financial Management	To Target	To Target	To Budget
Funding Diversification	25%[vi]	32%	32%
Employee Engagement	76%[vii]	70%	74%
Stakeholder Satisfaction	92%[viii]	90%	96%

WellingtonNZ 2022/23 Indirect Measures of Impact

Measure	2022/23 Actual	2022/23 Target	2021/22 Actual
International visitor arrivals through Wellington International Airport: International	151,232	120,000	20,963
International visitor arrivals through Wellington International Airport: Australian	109,738	100,000[ix]	18,571
Visitor Spend: Domestic	$1,084m	$900m	$967m
Visitor Spend: Other	$262m[x]	180m	$105m
Total Visitor nights to our Wellington Region	2,598,000[xi]	2,400,000	1,938,100
Share of NZ multi-day conference in Wellington Region	27.6%	22%	21%
Population Growth due to Migration to Wellington Region	Available January[xii]	2,500	1,330
Wellington Region GDP Growth	2.0% [xiii]	2.5%	1%
Number of Filled Jobs in our Region	260,236[xiv]	270,000	256,666
Number of Jobseeker Support benefits – Work Ready	9,877	11,500	10,182
Mean Annual Earnings of people in employment in the Wellington region: Workforce	$82,680[xv]	$76,169	$79,612

[i]This is calculated from assessing the value of business events attracted, the value of screen permits for location based filming, the redemption of marketing promotions in our region (such as Advent Calendar), the value of capability vouchers distributed, the value of R&D grants distributed, out of region expenditure at events, the value of spend form WellingtonNZ hosted programme activity (famils), the value of sales generated through i-SITE activity (pay and display, the value of sales for Wellington businesses), the contribution of non-government funding to the activity of WellingtonNZ, the equivalent advertising value for marketing and promotional activity, (CHQ shareholdings and investment raised by incubated businesses), the spend of visitors as a result of WellingtonNZ promotional and marketing activity. The financial outcome for the year 2021/22 fell notably short of the $150 million goal due to expectations that the COVID-19 border restrictions would ease, returning out of town visitors. However, the actual result amounted to $99 million. The 2022/23 maintained the same target. This time, the target was comfortably surpassed as international borders were opened and COVID-19 travel constraints were lifted.

ii This number is calculated by aggregating the number of businesses who have received support from WellingtonNZ's programme and activities including, businesses who participated in Visa Wellington on a Plate (Producers, Breweries and Restaurants), WellingtonNZ partners who have formal partnerships with WellingtonNZ on programmes of work during the year (tourism, marketing, events and business partners), start up businesses who WellingtonNZ provide professional capability building advice to, businesses who have benefited from featuring in WellingtonNZ promotional and marketing activities such as the Advent Calendar, businesses who have received support through WellingtonNZ's workforce and business support programme (such as Summer of Tech/Summer of Biz, Regional Business Partner programme and Pop up Business School). Individuals through Creative HQs pre-Inc programme contributed to an increase in number of engagements. Additionally the Summer of Tech and Summer of Engineering programmes contributed to these higher results.

iii Equivalent Advertising Value (EAV) is an accepted industry estimate of the value of media coverage that results from public relations and media activity. EAV is based on the equivalent cost to purchase the same reach and coverage results. This is a combination of TNZ (International media EAV, Australian Media with SevenPR and Domestic Media report provided by Isentia as the service provider).

[iv] This currently only contains PE & BE not Major events

[V] This currently only contains PE & BE not Major events

vi Includes results for the Group, including the subsidiary Creative HQ Ltd.

vii Calculated via the organisation's Feb 2023 Culture Amp Engagement Pulse Employee Survey, which was the closest survey to 30 June for the whole organisation.

viii WellingtonNZ invited approximately 600 stakeholders to participate in the stakeholder survey. In total there were 118 completed responses. Out of the 118, 108 reported that they satisfaction with WellingtonNZ had either meet or was above their expectation. Resulting in a 92% Stakeholder Engagement score for WellingtonNZ in FY23. While this is above the target it is below FY22, it should however be noted there was higher exceeded expectation than the previous year and steps are being taken to address our stakeholders on their engagement satisfaction.

[ix] This has previously been used to measure all international visitors including those from Australia captured below. In the statement of service the targets were transposed and should have reflected 100,000 for Australia and 120,000 for all international.

[x] The methodology used by the Ministry of Business Innovation and Employment (MRTE) to calculate and publish spend made by visitors was impacted by the absence of the International Visitors Survey and therefore they have had to temporary retire the Monthly Regional Tourism Estimates and instead temporarily replace the dataset with the Tourism Electronic Card Transactions (TECT) dataset. The new TECT is much more limited than the MRTEs. Unlike MRTE, TECT only accounts for transactions made on an electronic payment card and does not account for cash and other non-card payment. Therefore, the annual figure is only accounting for electronic card recorded data only. Our target was using MRTE and accounting for non-card transactions also.

[xi] Visitor nights have come in higher than the target in part of the strong domestic tourism and events travel.

[xii] Migration data is vulnerable to fluctuations and revisitations as it is based on both arrival and departure dates of migrants which often don't occur in the same period. Last years reported figure was revised down to -2,330 whilst 1,330 was reported and this was the figure considered when reporting. A lot of this was due to the very large increase of international migration (7,700) in 2020 when people returned to NZ and then in later years returned internationally. This figure is also only available in January for the previous year ending in March so we are unable to provide an exact figure until then.

[xiii] GDP Average % change for June 2022 – June 2023 for the Wellington Region – this figure is provisional supplied by Infometrics.

[xiv] Filled jobs have been strong as unemployment has been at record lows, the target going unmet is likely more a feature of the contracted population due to lower migration figures.

[xv] This has been revised 7/September 2023