

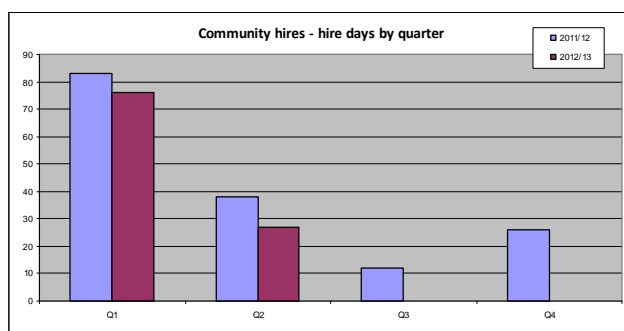
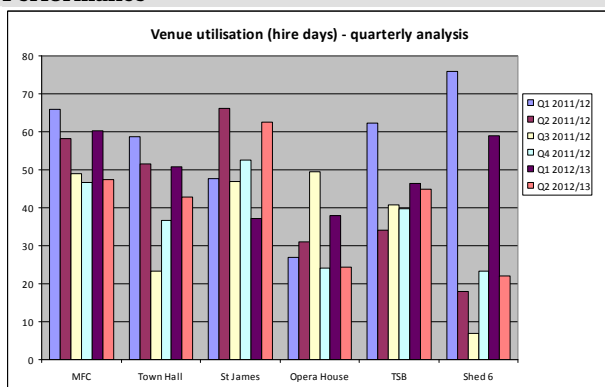
Quarterly Review – Positively Wellington Venues Ltd

Positively Wellington Venues Limited has presented its report for the quarter ended 31 December 2012 for review. A summary of key findings is presented below and the full report is attached.

Highlights: achievements

- In October, the Council signed off on the proposal for delivering a temporary replacement venue in Shed 6 while the Town Hall is closed for earthquake strengthening. Work continued on finalising the fit-out design, with the seismic project scheduled to begin in January. The project is still expected to be delivered on time and on budget.
- The second edition of *LIVE*, the Venues events brochure, was delivered via the DomPost to a significant readership in the company's target audience. Advertising revenue from this publication has increased.
- PWV received international ISO Quality and Environmental Management certification across all its venues. They are currently the only NZ venues management organisation to have received this certification across all their venues.

Performance



Macro Key Performance Indicators

The following KPIs have been reported by the company:

Venue Utilisation: Event hires per venue	2012/13 Q2 event hires
Michael Fowler Centre	47.6
Town Hall	48.2
TSB Arena/Shed 6	67
St James Theatre	62.5
Opera House	24.3
Total	244.6

- Venue utilisation has been refined to reflect the use of multiple spaces within a single venue. PWV is working to further develop this model.
- Venue utilisation for Q2 is 5% lower than the same period last year (Q2 2011/12: 57 days), but revenue is higher. The variance is due the number of non-revenue earning hire days as a result of RWC2011 events and an additional week for WOW in 2011.
- 27 community hire days for Q2 is at a lower level to 2011/12 (38 days) as a result of RWC2011 screenings in the Town Hall in 2011.
- Pipeline bookings for Q3 are tracking well, with all three months showing good levels of activity and several sold out performances.

Activities during the quarter

- The new pan-venue rental contract and revised venue pricing was released during the quarter to make pricing more consistent across the different venues. PWV is working with regular hirers to phase migration to the new rates.
- As part of its 'Duty of Care' programme, PWV released its new patron health and safety communication materials during the quarter, including audio safety announcements, posters and safety notices.
- Work has progressed on the review of the Performing Arts Foundation to understand how the funding is used and its place in supporting community events. A survey has been commissioned and will be undertaken in February 2013.

Financial Commentary

- The Q2 operating result was a net profit of \$207k, \$21k (11%) better than budget.
- Revenue of \$4.4m was \$390k (10%) ahead of budget, but offset in part by direct event costs that were 18% over budget. The gross profit margin of 43% for the quarter was in line with budget.
- Overall, total expenses for the quarter are in line with budget, although high variances are noted in occupancy and admin costs. PWV continues to manage operating costs closely and expects to meet budget at year end.
- Q3 is generally a quiet period as reflected in the budget and Q4 requires further bookings to achieve budget

Statement of Financial Performance

For the quarter ended 31 December 2012

\$'000	Q2 Actual	Q2 Budget	YTD Actual	YTD Budget	FY Budget
Income	4,430	4,040	8,800	8,298	15,291
Direct Event Costs	2,527	2,146	5,062	4,607	8,343
Gross Profit	1,903	1,894	3,738	3,692	6,948
Expenditure	1,695	1,707	3,488	3,495	6,948
Operating surplus	207	187	250	196	1
Operating Margin	5%	5%	3%	2%	0%

Statement of Financial Position

For the quarter ended 31 December 2012

\$'000	YTD Actual	FY Budget	2011/12 FY Actual
Current assets	2,221	2,604	536
Non-current assets	961	989	-
Current liabilities	2,663	3,305	536
Non-current liabilities	-	-	-
Equity	269	288	.1
Current ratio*	.83	.79	1
Equity ratio	8%	8%	0%

Statement of Cash Flows

For the quarter ended 31 December 2012

\$'000	2012/13 YTD Actual	2012/13 YTD Budget	2011/12 YE Actual
Operating	252	(42)	696
Investing	27	106	-
Financing	-	-	-
Net	224	492	696
Closing balance	960	587	735

Contact officer: Richard Hardie

* WCC has guaranteed PWV access to a \$1.507m overdraft facility

Profile – Positively Wellington Venues Ltd

Positively Wellington Venues Ltd is a Council Controlled Trading Organisation (CCTO) that has been established as a result of the merger of the Wellington Convention Centre – a former business unit of the Wellington City Council – and the St James Theatre Charitable Trust. The decision to establish PWV was based on the potential to realise efficiency gains and savings across the two organisations, opportunities to capitalise on WCC's shared services capabilities, and the desire to see greater integration and cooperation of Wellington's venue spaces with other CCTOs and external organisations.



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VENUES**

PWV started trading on 1 February 2011, taking over the operations of the Convention Centre which managed the Michael Fowler Centre, Wellington Town Hall, TSB Bank Arena and Shed 6. The operations of the St James Theatre Charitable Trust, which managed the St James Theatre and Opera House, were assigned to PWV from 1 July 2011.

Acting as an agent of WCC, the new entity is responsible for the management of Wellington's premiere venue spaces, including: the Michael Fowler Centre; the Wellington Town Hall; the St James Theatre; the Opera House; and the TSB Arena and Shed 6.

Entity Data

Established	February 2011	<i>Term expires:</i>
Board		
	Chris Parkin	31 December 2014
	Sam Knowles	31 December 2012
	Linda Rieper	31 December 2014
	Samantha Sharif	31 December 2014
	Mike Egan	31 December 2014
	Lorraine Witten	31 December 2014
	Ngaire Best (councillor)	31 October 2013
	Paul Eagle (councillor)	31 October 2013
CEO	Glenys Coughlan	
Balance date	30 June	
Number of FTE staff	90	
Website	http://www.pwv.co.nz/	
Type of entity	Company	
LGA designation	CCTO	
By reason of	Council appointees	
Council interest	100% shareholding	
Type of interest	Shares	



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.....
**Because things
are better LIVE**
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**Quarterly Report to CCOPS
October 2012 – December 2012**

1. PWV Business review – Q2 2012/13

The following were the business highlights for the second quarter of 2012/13:

- The trading result for the second quarter was a pleasing net profit of \$207,000 which was \$21,000 better than budget. Revenue was ahead of budget by \$390,000 (+9.6%). Net profit for the first six months of trading is \$250,000 which is \$54,000 above budget.
- Successful event delivery: in the second quarter we delivered 196 events that included:
 - 132 conference and events, and
 - 64 performances and exhibitions.
 - 27 community hire days are included in the above, being hires to Community Groups or events supported by Positively Wellington Venues, the Performing Arts Foundation of Wellington or Wellington City Council.
 - 12 performances of Agatha Christie's *The Mousetrap* ran in November 2012 with very good levels of attendance. Post season research commissioned via Ticketek's "Nine Rewards" research agency confirmed that 36% of patrons came from out of Wellington, and they mainly travelled in pairs and stayed for two days on average. The main activities that they engaged in during their visit were shopping (26%) and dining out (28%) and 68% used commercial accommodation, contributing to a noticeable impact on the City's economy. PWV will continue to conduct assessments of the economic impact of PWV's events.
 - A significant number of sold out performances including:
 - WOW – 13 sold out shows with approx 45,000 patrons
 - Ben Harper – Michael Fowler Centre
 - Mumford & Sons - 2 shows - Wellington Town Hall
 - Black Keys – TSB Bank Arena
 - Bill Bailey – 2 shows - Michael Fowler Centre
 - Stephen Merchant – Opera House
 - 7 Days Live – Opera House
 - Morrissey – Wellington Town Hall
- Good progress has been made on achieving the 2012/13 KPI targets during the second quarter and no concerns have arisen which would affect full year achievement
- A new pan venue rental contract and revised venue pricing was released during the quarter. The new rental contract eliminates inconsistencies that existed under previous venue hire agreements. The revised pricing standardises rates across our venues and reflects that prices for some sites had not been adjusted for over five years. Many of our resident hirers and significant customers will remain on previously agreed price plans for a period to enable phased migration to new rates.
- Maintaining our marketing edge during the quarter saw the second edition of *LIVE* released which was delivered via the DomPost achieving a significant readership in our target audience. Advertising revenue increased from the first edition which was pleasing.
- Duty of care: The ISO Standards in Quality and Environmental audit was conducted in December 2012 and we received international standard certification for all our venues. This is a significant achievement as the St James Theatre and Opera House were not previously certified and we are the only group of venues in New Zealand to have earned this certification.

- PWV rolled out its new patron health and safety communications materials to all of our venues during the quarter and the portfolio now includes new audio safety announcements, revised safety posters, notepads with safety notices and safety information inserts for lanyards.
- Venue development: Positively Wellington Venues has continued to work on the redevelopment of Shed 6 and TSB Bank Arena as an alternative convention and conference venue while the Wellington Town Hall undergoes seismic strengthening from mid-2013. Development is proceeding on budget and on schedule as follows:
 - a new party wall has been erected between Ferg's Kayaks and Shed 6
 - the Seismic Strengthening contract was tendered and awarded to Richardsons before Christmas - on budget
 - all consents (Resource Consent, Building Consent and Archaeological Authority) for seismic works have been issued
 - Seismic strengthening work commenced early January - three 20m deep concrete piles (of 16) now complete – work is on schedule
 - advance tenders for structural steelwork and acoustic walls have been issued to market
 - WCC has issued key building consents (fire/escape) for fitout
 - final tender documentation is being prepared for the Shed 6 fitout – issue mid-February.
- Performance partnerships: an agreement to provide venue management services to the Academy of Fine Arts was signed which will add the Academy Galleries as a new venue in our suite of offerings from 1/1/13. The Academy's location in the TSB Bank Arena precinct means there will be synergies gained from the redevelopment of Shed6 and TSB Bank Arena.
- Work commenced on refurbishing the office space at the rear of the St James Theatre as the new home for the staff of the NZ International Arts Festival. They took occupancy in January 2013 and flow-on benefits are expected to accrue from being co-located.

2. Looking forward

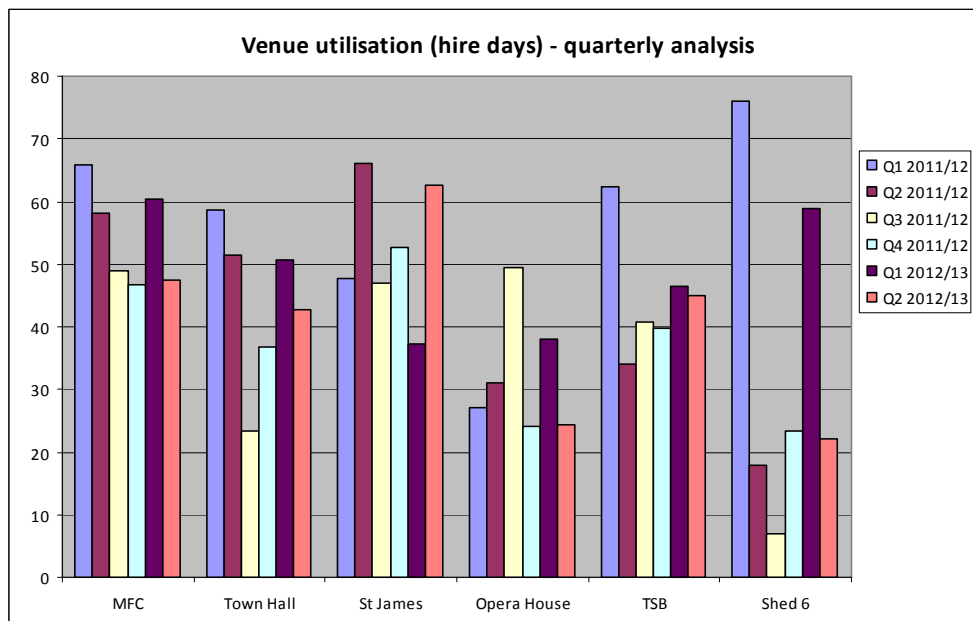
- Q3 is generally a very quiet period for PWV as reflected in the budget. Both *Show* and *Grow* business events are adversely affected by the Christmas and summer break. There is no New Zealand International Arts Festival to kickstart 2013.
- Q4 requires further bookings to achieve budget and this is where the emphasis of our sales effort is currently focussed. Booking levels have been affected by uncertainty over the Town Hall replacement venue and the Town Hall's earthquake prone status. Now that there is certainty over the redeveloped Shed 6 venue, significant sales and marketing effort is being devoted towards informing the market of its availability and functionality and this has been positively received.
- Sales and Marketing has an ongoing focus on growing the sales pipeline and qualifying the leads and opportunities, noting that 60% of PWVs top 10 prospects, by estimated total spend, are Australian based and 53% of PWVs top 15 New Zealand clients are based in the Wellington thus we need to ensure a strong sales presence in these areas. Our Sales Development Manager will be attending the AIME tradeshow in Melbourne (Feb 2013) to support our Australian business plan and we are also delivering a programme of activity around Show Me Wellington 2013, Wellington's Conference and Events Expo being held on 21 August 2013
- February and March 2013 has a high number of shows across our venues, with several of these already sell outs performances (Ed Sheeran, Neil Young and Rodriguez). The Performance & Exhibitions (P&E) team are also looking at ways to enhance the ancillary patron spend from these

events. For April 2013, we are seeing an increase in Comedy Festival acts and also shows coming to NZ following the Bryon Bay Blues Festival. A family friendly ice show has also been confirmed to May 2013 which is expected to generate good levels of ticket sales. Recent visits to Australia to source shows and meet with producers, promoters and suppliers have been successful with a number of prospects on the boil for 2013/2014 financial year.

- Work has progressed on the review of PAF and the refinement of recommendations for the ongoing development of the fund. As part of the review process we have commissioned Angus and Associates to undertake an independent survey of PAF grant recipients and those community groups that have applied for WCC's Venue Rental Subsidy. The purpose of the research is to understand:
 - how the funding is used,
 - how critical it is to getting community events off the ground, and
 - what the priorities of different hirers are.
- The survey will go into the field in the week commencing February 18.

3. Utilisation and community hires

- While this quarter's hire days are slightly lower than Q2 2011/12, revenue is well ahead of budget. This reflects the fact that a number of hire days in 2011/12 were non-revenue earning (eg an additional week for WOW at TSB Bank Arena and Shed 6) or heavily discounted (RWC2011 screenings at the Town Hall).
- Utilisation (hired days) for Q2 was 242 days (Q2 2011/12: 257 days) being 5% lower than the equivalent period last year. There were 533 hire days for the first six months of 2012/13 (Q2 2011/12: 595 days) which is 10% less than prior year.

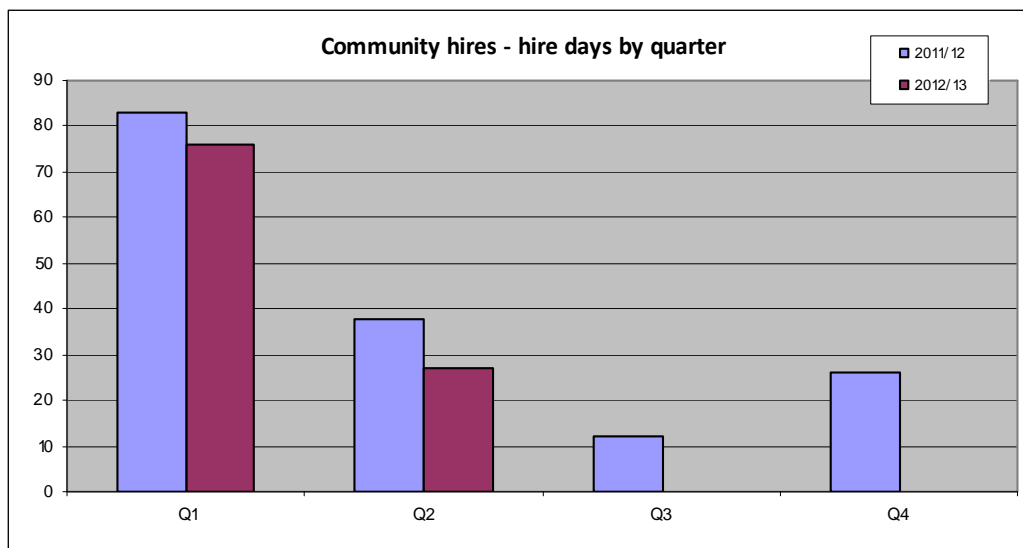


- Community hire days for Q2 2012/13 are slightly lower than for the same quarter last year (27 days in 2012/13 versus 38 days in 2011/12) largely due to the non-recurrence of the WCC/PWV sponsored RWC2011 screenings in the Wellington Town Hall in October 2011.
- Community events this quarter included: the Cystic Fibrosis Christmas Tree display in the Michael Fowler Centre foyer, the Genee Ballet Awards, Wellington Blood Service, Diwali Festival of Lights, the Whitireia Community Polytechnic show – “Whitireia Up Front 2012”, Te Konohete Concert and the Big Carol Sing.

Our analysis of community hires includes:

- Community hires assisted by WCC (via the Venue Rental Subsidy Fund*)
- Community hires assisted by the Performing Arts Foundation
- Community hires assisted by PWV
- Community hires assisted by a mix of the above
- Community hires with external funding

* Tier 1 events which are funded by WCC from other sources (eg NZSO, NZ International Arts Festival, WOW, RWC2011 etc have been excluded from this analysis)



4. Key Performance Indicators

The following KPIs were approved as part of the Positively Wellington Venues' 2012/13 SOI.

STRATEGIC FOCUS	KPI TARGETS	RESULTS																																													
1. Business Viability	Achieve budgeted net profit	<p>The Q2 net profit was \$207,000 which was \$21,000 ahead of budget.</p> <p>Q1 net profit was \$43,000 which was \$33,000 ahead of budget.</p>																																													
2. Venue Utilisation	<p>Achieve or increase the number of hired days and/or venue hire revenue compared to 2011/12.</p> <p><i>Note: depending on the mix of events in any given year and various discounting arrangements, hired days in itself is not a meaningful measure of how the business is performing.</i></p> <p>Maintain community access to PWV's venues by ensuring community hires are at a similar level to 2011/12 or better.</p>	<p>Q2 Event revenue is 14.1% higher than for the same quarter in 2011/12 although hired days are down by 13%.</p> <p>Conventions & Events Utilisation</p> <table border="1"> <thead> <tr> <th></th> <th>Q1</th> <th>Q2</th> <th>Q3</th> <th>Q4</th> </tr> </thead> <tbody> <tr> <td>2011/12</td> <td>100</td> <td>125</td> <td>53</td> <td>99</td> </tr> <tr> <td>2012/13</td> <td>117</td> <td>106</td> <td></td> <td></td> </tr> </tbody> </table> <p>Q2 C&E utilisation was at good levels but lower than 2011/12 as November 2011 experienced extremely high utilisation levels. C&E Utilisation for the first half of the year is at similar levels to 2011/12.</p> <p>Performance & Exhibitions Utilisation</p> <table border="1"> <thead> <tr> <th></th> <th>Q1</th> <th>Q2</th> <th>Q3</th> <th>Q4</th> </tr> </thead> <tbody> <tr> <td>2011/12</td> <td>238</td> <td>132</td> <td>161</td> <td>124</td> </tr> <tr> <td>2012/13</td> <td>174</td> <td>136</td> <td></td> <td></td> </tr> </tbody> </table> <p>Q2 P&E utilisation was at similar levels to prior year with good utilisation from NZSO, RNZ Ballet, NBR NZ Opera and Mousetrap.</p> <p>P&E utilisation for the first half of the year is lower than 2011/12 due to WOW commencing earlier and running longer in 2011/12 and also prior year Town Hall utilisation was boosted by RWC2011 screenings.</p> <p>Community hire days</p> <table border="1"> <thead> <tr> <th></th> <th>Q1</th> <th>Q2</th> <th>Q3</th> <th>Q4</th> </tr> </thead> <tbody> <tr> <td>2011/12</td> <td>83</td> <td>38</td> <td>12</td> <td>26</td> </tr> <tr> <td>2012/13</td> <td>76</td> <td>27</td> <td></td> <td></td> </tr> </tbody> </table> <p>There were 27 community hire days in the quarter compared to 38 for the equivalent quarter last year. The decrease was due to WCC/PWC sponsored community days for RWC2011 screenings not recurring.</p>		Q1	Q2	Q3	Q4	2011/12	100	125	53	99	2012/13	117	106				Q1	Q2	Q3	Q4	2011/12	238	132	161	124	2012/13	174	136				Q1	Q2	Q3	Q4	2011/12	83	38	12	26	2012/13	76	27		
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<p>3. Duty of Care</p>	<p>Achieve and maintain ISO 9001 Quality Management Systems accreditation across all venues</p>	<p>The ISO Quality and Environmental audit visit was completed in December 2012 and we have received international standard certification for all our venues. We are the only venues in NZ to have received this certification.</p>
<p>4. Marketing Edge</p>	<p>Improved sales and marketing impact with 5 % growth in sales revenue.</p> <p>Pipeline development – maintain or increase the ratio of the 12 month forward pipeline to budget. Target is 70%.</p>	<p>PWV's sales and marketing effort has undergone significant review over the past 12 months and process improvements continue to be made.</p> <p>The current sales effort is specifically focussed on filling Q4 and beyond. The redeveloped Shed 6 now expected to be available in Q1 2013/14.</p> <p>PWV's 12 month forward factored booking pipeline currently represents 69% of annual budget which is largely at historic levels. Uncertainty over the availability of a replacement venue for the Wellington Town Hall and its earthquake prone status have affected the forward pipeline. Significant sales effort will be devoted towards booking the new Shed 6 / TSB Bank Arena in the next quarter.</p>
<p>5. Outstanding Experiences</p>	<p>Audience and hirer satisfaction.</p> <p>Maintain or improve satisfaction ratings in surveys and focus group research.</p>	<p>Q2 hirer satisfaction has been very good with overall satisfaction remaining at 100% and improvements noted in the sales enquiry and event delivery phases:</p> <ul style="list-style-type: none"> • Overall satisfaction*: 100% satisfied (Q1: 100% satisfied) • Sales enquiry phase: 73% very satisfied, 27% satisfied (Q1: 62% very satisfied, 38% satisfied) • Event planning: 82% very satisfied, 15% satisfied (Q1: 85% very satisfied, 8% satisfied, 7% neutral) • Event delivery: 91% very satisfied, 9% satisfied (Q1: 83% very satisfied, 17% satisfied) <p><i>* the range for the Overall Satisfaction rating is Satisfied/Somewhat Satisfied/Neutral/Somewhat Dissatisfied, Dissatisfied.</i></p>
<p>6. Town Hall alternative venue development</p>	<p>Support bid for \$4m development fund and participate in the LTP planning process</p> <p>Commission stage two feasibility study including developing detailed design specifications and costings and project milestones (in partnership with Wellington Waterfront and WCC)</p> <p>Manage seamless transition from closure of Wellington Town Hall to opening of alternative venue facilities to maintain the viability of PWV's business and maintain/grow the contribution that business events make to the Wellington economy.</p>	<p>Conditional LTP funding was received in June 2012. Final approval to proceed was received in October 2012.</p> <p>Development work on the Shed 6 / TSB Bank Arena site is proceeding on schedule and within budget. Refer page 3 of this report for further details.</p> <p>Planning for the transition of clients and their bookings to the new Shed 6 venue has commenced.</p>

5. Financial Performance

Net profit for the second quarter of 2012/13 was \$207,000 (\$21,000 better than budget) with revenue being \$390,000 above budget. The higher than budgeted business levels also resulted in higher than budgeted direct costs (+\$381,000) and wages (\$98,000) with gross profit being at budget for the quarter. Overheads were \$12,000 under budget.

Net profit for the first half of the year was \$250,000 (\$54,000 better than budget) which is pleasing. Although our forward booking calendar shows good level of hirer interest for the remainder of the financial year, continued conversion of this interest to contracted business needs to occur so that we can achieve budget.

PWV management are focussed on achieving the budgeted breakeven net profit result for 2012/13 and the sales team are working to contract as much business as possible in the current subdued economic climate. If necessary, savings in overheads will be made to achieve the budgeted net profit for the year. A reforecast for 2012/13 will be presented to the PWV Board in February 2013.

Positively Wellington Venues							
Financial performance							
\$'000	Current quarter			Year-to-date			2012/13
	Actual	Budget	Var	Actual	Budget	Var	FY budget
Event & Café revenue	4,305	3,904	401	8,549	8,042	507	14,697
Carparking	62	68	(5)	124	129	(5)	262
Other income	57	62	(5)	117	116	1	308
Interest income	5	6	(1)	11	12	(1)	24
Total revenue	4,430	4,040	390	8,800	8,298	502	15,291
Direct event costs	1,997	1,713	(283)	4,044	3,691	(352)	6,593
Wages	531	433	(98)	1,018	916	(103)	1,750
Total direct costs	2,527	2,146	(381)	5,062	4,607	(455)	8,343
Gross profit	1,903	1,894	9	3,738	3,692	47	6,948
Salaries	789	814	26	1,613	1,677	63	3,383
Other employment costs	36	46	11	79	99	20	188
Occupancy costs	284	243	(40)	544	496	(48)	976
Utilities	166	158	(9)	408	382	(26)	748
Marketing	154	200	45	271	314	43	566
Admin	140	114	(26)	305	262	(43)	529
IT and Comms	49	40	(9)	89	83	(6)	168
Directors' fees	34	34	0	68	68	0	135
Travel	5	13	8	13	26	14	51
Vehicle costs	1	4	3	3	8	5	15
Depreciation	39	41	2	96	81	(15)	188
Total expenses	1,695	1,707	12	3,488	3,495	7	6,948
Net profit/(loss) before tax	207	187	21	250	196	54	1
Tax expense	0	0	0	0	0	0	0
Net profit/(loss) after tax	207	187	21	250	196	54	1

Revenue for Q2 was strong and 10% above budget. Business mix was 64/36 in favour of *Grow* business over *Show* business.

- Conventions & Events (*Grow*) business included a number of national, Australasian and world conferences, several large corporate Christmas functions and several prizegivings for secondary and tertiary institutions.
- Performance & Exhibitions (*Show*) business included Agatha's Christie's *The Mousetrap*, NBR NZ Opera's *The Bartered Bride*, Royal NZ Ballet's production of *Giselle*, and nine other sell out touring shows as noted earlier in this report.
- F&B revenue was at budget with good trading levels noted in performance bars.
- Carparking and other income was slightly under budgeted levels

Direct event costs were above budget reflecting business levels exceeding budget. Wage costs were also above budget due to business levels and also some personnel costs were budgeted as salaries but the payroll system has charged them to wages.

Overheads were slightly under budget for the quarter although adverse variances are noted in occupancy and administration costs. Overall overheads are under budget for Q2 and slightly underspent for the half year. We expect to continue to manage overheads to budgeted levels overall for the full year.

Occupancy costs are above budget as cost overruns have been experienced in cleaning costs due to the higher level of business and also due to a delay in taking back the cleaning contract for the St James Theatre and the Opera House which was previously done by an external contractor. Cleaning for these venues has been brought back in-house from 1 January 2013, and in combination with more efficient cleaning products purchasing, should see some reversal of this overspend in the coming quarters.

Administration costs include fees for improvements to our EBMS booking and event management software and EBMS user training, consultancy fees associated with the ISO audit, legal advice re our venue hire agreement and insurance costs for TSB Bank Arena which increased from \$97,000 to \$205,000.

6. Financial Position

PWV's balance sheet remains clean and there are no issues which require highlighting. In general the balance sheet has grown during the quarter as cash levels were boosted by the good trading result and good debtor collection.

The balance sheet is broadly in-line with budget although debtor collection was quicker than anticipated as was creditor payment. The budgeted GST asset has not eventuated as revenue performance has been above budget levels.

Positively Wellington Venues					
Statement of Financial Position					
	Actual	Actual	Actual	Budget	Budget
	31-Dec-12	30-Sep-12	Q2 movt	31-Dec-12	Var
	\$'000	\$'000	\$'000	\$'000	\$'000
Bank & cash	960	96	864	587	373
Debtors	926	910	16	1,210	(284)
Prepayments	115	269	(154)	60	55
Inventory	51	50	1	45	6
Accrued income	168	501	(332)	230	(62)
Total current assets	2,221	1,826	395	2,132	89
Fixed assets	961	986	(25)	996	(35)
Total assets	3,182	2,812	371	3,128	54
Creditors	1,195	1,225	(30)	1,385	(190)
Employee Entitlements	354	435	(82)	335	19
GST	174	(85)	259	(100)	274
Revenue in Advance	914	886	28	990	(76)
Provisions	27	39	(11)	35	(8)
Total current liabilities	2,663	2,500	163	2,645	18
Shareholders' funds	269	269	0	287	(18)
Current year result	250	43	207	196	54
Total liabilities and equity	3,182	2,812	370	3,128	54

Bank & cash levels increased significantly during the quarter largely in-line with the strong business levels and debtors and creditors remaining at normal operating levels. The reduction in accrued income reflects the much quieter finish to Q2 compared to Q1 with very little business transacted after mid-December. Fixed assets has reduced during the quarter due to depreciation and no significant capital expenditure.

Creditors' balances at quarter-end were at similar levels to the prior quarter and within the normal operating range. Employee entitlements have decreased during the quarter largely due to annual leave being taken from 21 December as PWV closed for the Christmas break.

Revenue in advance, which represents deposits for future bookings, increased slightly during the quarter ,despite being at the end of our busy period, indicating good levels of forward hirer interest. Provisions reduced slightly during the quarter as expenses relating to the St James wind-down were incurred.

7. Cash flow

The October to December period sits at the end of our busy period, and trading cashflows are typically strong in the quarter as evidenced below. Overall, cash levels have increased during the quarter in-line with the strong business levels.

Based on achieving our breakeven budget, and modest capital expenditure as noted below partially offset by depreciation, we would expect cash levels to reduce from the 31 December 2012 level during Q3/Q4 and fluctuate in the \$0 to \$500,000 range for remainder of the financial year.

Positively Wellington Venues				
Statement of Cash Flows				
(all amounts \$'000)				
	Q2 actual	Q2 budget	Var	Q1 actual
Cash flows from operating activities				
Receipts from venue management	4,650	4,570	80	4,764
Receipts from other operating activities	120	149	(29)	139
Interest income	5	6	(1)	6
Payments to suppliers and employees	(4,155)	(3,969)	(186)	(5,240)
Good and services tax (net)	259	(214)	473	(295)
Net cash flow from operating activities	878	542	336	(626)
Cash flows from investing activities				
Purchase of property, plant and equipment	(14)	(50)	36	(13)
Net cash flow from investing activities	(14)	(50)	36	(13)
Net increase/(decrease) in cash and cash equivalents	864	492	372	(639)
Cash and cash equivalents at the beginning of the period	96	95	1	735
Cash and cash equivalents at the end of the period	960	587	373	96

8. Capital expenditure

There has been no significant capital expenditure during the quarter.

Capital expenditure on new uniforms for Front-of-House staff (Ushers, Venue Supervisors, Bar and Café staff) and Operations staff has been approved by the PWV Board for Q3.

The PWV Board has also approved capital expenditure on the fitout of the former office space at the St James Theatre to enable this space to be leased to the New Zealand International Arts Festival. This will occur in Q3.