

Annual report

The 2024/25 annual report is made up two separate sections:

1. The financial statements and appendices shown in this document from pages 1-26; and
2. The 'Annual report' which can be accessed via our website

Financial statements

For the year ended 30 June 2025

Directors' Report

The Board of Directors present their annual report for the year ended 30 June 2025.

State of Affairs

The state of the Creative HQs affairs at 30 June 2025:

	Actual 2025	Actual 2024
	\$	\$
Total Assets	3,693,249	3,625,308
<i>Financed by:</i>		
Total Equity	2,712,650	2,514,234
Total Liabilities	980,599	1,111,074
	3,693,249	3,625,308
Equity at the beginning of the year	2,514,234	2,580,547
Total comprehensive revenue or expense	198,416	(66,313)
Equity at 30 June	2,712,650	2,514,234

Dividends

The directors recommend that no dividend be paid for the year.

Transfers

It is not proposed to make any transfer to reserves.

As required by section 211 of the Companies Act 1993, we disclose the following information:

Nature of business

Creative HQ is an innovation hub of global standing, headquartered in Wellington, focused on driving economic growth through entrepreneurship. The organisation accelerates scalable and investible companies positioned to grow New Zealand's tech export sector, and works with the broader ecosystem, including government and corporates, to embed entrepreneurial practices and strengthen startup culture. The nature of Creative HQ's business has remained consistent during the year.

Use of Company information

The Board received no notices during the year from directors requesting to use company information, received in their capacity as directors, which would not have otherwise been available to them.

Indemnities

The Company has entered into indemnity insurance in respect of any liability that the directors may incur in their capacity as directors.

Directors' report – continued

Interests register

Please refer to the appendix at the end of this report.

Director changes and amendment to the company constitution

On 16 May 2024, by special resolution of the shareholder, Creative HQ's constitution was amended requiring now only one named director. Tracey Bridges (Wellington NZ Chair), is now the sole director of Creative HQ, while the WellingtonNZ board of directors has assumed responsibility for overall governance of Creative HQ.

Directors added last year:

Tracey Bridges (appointed 27 May 2024)

Directors ceased during the prior year:

Lance Walker, chairman (term ended 31 May 2024)

Trent Mankelow (resigned 14 June 2024)

John Allen (resigned 14 June 2024)

Wayne Mulligan (resigned 14 June 2024, term was due to end 30 June 2024)

Diana Siew (resigned 3 May 2024)

Susan Reynolds (resigned 31 December 2023, term was due to end 30 June 2024)

Statement of responsibility

We are responsible for the preparation of Creative HQ's financial statements and statement of performance, and for the judgements made in them.

We have the responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In our opinion, these financial statements and statement of performance fairly reflect the financial position and operation of Creative HQ for the year ended 30 June 2025.

Signed on behalf of the Board



Tracey Bridges

Director

24 September 2025

Creative HQ Limited
Statement of Service Performance
For the year ended 30 June 2025

Entity's Purpose:

Strategy:

Bring together the necessary capital, capability, culture and connectedness for startups to thrive.

Strategic Mission:

To make Wellington the wildly famous startup capital of New Zealand

Strategic Outcomes:

400 active startups through our programs by 2030, contributing to the national goal of 5,000 startups.

Significant economic benefit to the Wellington region through job creation, investment attraction, and innovation-led growth.

Increased access to early-stage capital and a stronger investment pipeline.

Growth of innovation capability and entrepreneurial talent across New Zealand.

A more effective and innovative public sector that supports entrepreneurship.

How do we achieve our Strategy, Mission and Goals:

- 1) Activate Ambitious Founders - Fuel ambition through our programmes and events that connect founders with the stars of our ecosystem
- 2) Run startup programmes - programme support from early stage founder launch to flagship accelerator programmes.
- 3) Connect to Funding - We provide a trusted connection between entrepreneurs and high quality investors for early-stage funding.
- 4) Grow Expert Talent - Our School of Innovation builds talent that contributes to the long-term success and competitiveness of companies.
- 5) Thought Leadership for Government - We provide thought leadership for policymakers to ensure our public service is accessible, encourages risk taking and supports entrepreneurs.

How we Measure our Strategy, Mission and Goals:

	Description and Quantification of outputs	FY25 Actual	FY25 Target	FY24 Actual	Variance & Explanation
Building Startups	Number of Pre-Incubation founders ¹	1477	1200	1,356	Exceeded target with strong demand for early stage support coaching.
	Number of Teams Accelerated ²	49	40	28	Accelerator programs expanded in 2025 to include more teams due to demand.
	Number of Accelerators ³	4	4	3	
Government Innovation	Number of Standalone projects ⁴	12	8	17	Exceeded target with higher engagement from government agencies
School of Innovation	Number of Individuals receiving Qualifications e.g. Diplomas and Certificates ⁵	166	356	166	Below target largely due to lower demand domestically for school of innovation programs

In preparing the Statement of Service Performance, management has applied the following principles:

Selection of measures: Chosen to reflect the most significant services and outcomes committed to in the Long-Term Plan and Annual Plan, and those most relevant to funders and stakeholders.

Measurement basis:

¹ *Founders supported* refers to individuals formally enrolled in pre-incubation programmes or attended our Startup events including Startup Aotearoa, Founder Launch and Startup Sessions.

² *Teams accelerated* is defined as teams completing one of our accelerator programmes.

³ *Accelerators* refers to one of our high touch cohort startup programmes.

⁴ *Government projects* refers to consultancy or innovation projects contracted and delivered within the year.

⁵ *Qualifications awarded* is defined as individuals awarded recognised diplomas or certificates through the School of Innovation.

Creative HQ Limited
Statement of Comprehensive Revenue and Expense
For the year ended 30 June 2025

	Notes	Actual 2025	Unaudited Budget 2025	Actual 2024
		\$	\$	\$
Revenue from non-exchange transactions				
Callaghan Innovation		956,750	956,000	975,001
WellingtonNZ		932,897	650,000	1,216,956
		1,889,647	1,606,000	2,191,957
Revenue from exchange transactions				
Service revenue	3	1,768,111	1,646,000	1,566,128
Sponsorship		380,911	350,000	174,801
Other revenue	3	174	9,000	15,949
		2,149,196	2,005,000	1,756,878
Total revenue		4,038,843	3,611,000	3,948,835
Expenditure				
Personnel costs	4	2,431,782	2,535,650	2,575,858
Depreciation expense		52,956	70,000	67,558
Directors' fees	4	-	-	55,636
Other expenses	5	1,422,823	1,018,508	1,435,767
Total expenditure		3,907,561	3,624,158	4,134,819
Operating surplus / (deficit) before finance costs, share of surplus / (deficit) of equity accounted investees and tax		131,282	(13,158)	(185,984)
Net finance cost	5	16,649	13,200	24,921
Surplus/(deficit) before tax		147,931	42	(161,063)
Tax benefit	6	(44,507)	-	40,776
Surplus/(deficit) after tax		103,424	42	(120,287)
Other comprehensive revenue and expense				
Fair value movement of investment in incubator and accelerator companies	8	94,992	-	53,974
Total other comprehensive revenue and expense		94,992	-	53,974
Total comprehensive revenue and expense		198,416	42	(66,313)

Explanations of major variance against budget are provided in note 16.

The accompanying notes form part of these financial statements.

Creative HQ Limited
Statement of Financial Position
As at 30 June 2025

	Notes	Actual 2025	Unaudited Budget 2025	Actual 2024
		\$	\$	\$
Assets				
Current assets				
Cash and cash equivalents		518,193	890,766	990,696
Other financial assets	11	505,499	1,700	1,700
Receivables		598,772	437,146	455,242
Income tax receivable	6	8,372	-	17,613
Total current assets		1,630,836	1,329,612	1,465,251
Non-current assets				
Property, plant and equipment	7	194,077	190,032	240,032
Investment in incubator and accelerator companies	8	1,836,437	1,741,445	1,741,445
Deferred tax asset	6	31,899	194,193	178,580
Total non-current assets		2,062,413	2,125,670	2,160,057
Total assets		3,693,249	3,455,282	3,625,308
Liabilities				
Current liabilities				
Payables		291,687	113,096	144,160
Employee entitlements	4	120,324	104,190	104,190
GST payable (NZ and Australia)		49,450	66,724	66,724
Creative HQ resident bonds		1,250	2,750	2,750
Deferred revenue		117,888	300,000	393,250
Loan from Wellington NZ		100,000	-	-
Total current liabilities		680,599	586,760	711,074
Non-current liabilities				
Loan from Wellington NZ	12	300,000	400,000	400,000
Total non-current liabilities		300,000	400,000	400,000
Total liabilities		980,599	986,760	1,111,074
Net assets		2,712,650	2,468,522	2,514,234
Equity				
Accumulated surplus		673,507	712,327	570,083
Fair value reserve		2,039,143	1,756,195	1,944,151
Total equity		2,712,650	2,468,522	2,514,234

Explanations of major variance against budget are provided in note 16. The accompanying notes form part of these financial statements.

Creative HQ Limited
Statement of Changes in Equity
For the year ended 30 June 2025

	Actual 2025	Unaudited Budget 2025	Actual 2024
	\$	\$	\$
Balance at 1 July	2,514,234	2468,480	2,580,547
Total comprehensive revenue and expense for the year	198,416	42	(66,313)
Balance at 30 June	2,712,650	2,468,522	2,514,234
Components of Equity			
Fair value reserve			
Balance at 1 July	1,944,151	1,756,195	1,890,177
Other comprehensive revenue and expense for the year	94,992	-	53,974
Balance at 30 June	2,039,143	1,756,195	1,944,151
Accumulated comprehensive revenue and expense			
Balance at 01 July	570,083	712,285	690,370
Net surplus for the year	103,424	42	(120,287)
Balance at 30 June	673,507	712,327	570,083
Total Equity	2,712,650	2,468,522	2,514,234

Explanations of major variance against budget are provided in note 16.

The accompanying notes form part of these financial statements.

Creative HQ Limited
Statement of Cash Flows
For the year ended 30 June 2025

Cash flows from operating activities	Actual 2025	Unaudited Budget 2025	Actual 2024
	\$	\$	\$
<i>Cash was received from:</i>			
Grant revenue	1,888,862	1,633,667	2,196,749
Other revenue	1,758,049	1,998,000	2,114,535
Tax refund	17,607	17,000	14,829
Tax subvention payment received	139,219	-	-
<i>Cash was paid to:</i>			
Suppliers	(1,298,721)	(1,209,147)	(1,664,239)
Employees	(2,415,648)	(2,532,650)	(2,622,685)
Net GST payable	(17,274)	-	(47,369)
Net tax payments	(45,411)	-	(17,613)
Net cash flow from operating activities	26,683	(93,130)	(25,792)
Cash flows from investing activities			
<i>Cash was received from:</i>			
Interest	36,999	42,000	52,966
Sale of investments	-	-	8,433
Proceeds from sale of property, plant and equipment	174	-	18,078
<i>Cash was paid to:</i>			
Loan to subsidiary	(715)	-	(300)
Investment in term deposits	(500,000)	-	-
Purchase of property, plant and equipment	(11,477)	(20,000)	(64,691)
Net cash flow from investing activities	(475,019)	22,000	14,486
Cash flows from financing activities			
<i>Cash was paid to</i>			
Interest on the loan	(24,167)	(28,800)	(28,051)
Net cash flow from financing activities	(24,167)	(28,800)	(28,051)
Net increase / (decrease) in cash and cash equivalents	(472,503)	(99,930)	(39,357)
Cash and cash equivalents at the beginning of the year	990,696	990,696	1,030,053
Cash and cash equivalents at the end of the year	518,193	890,766	990,696

Explanations of major variance against budget are provided in note 16.

Creative HQ Limited

Reconciliation of Net Surplus/(Deficit) to Net Cash Flow from Operating Activities

For the year ended 30 June 2025

	Actual 2025	Actual 2024
Net surplus/(deficit) after tax	\$ 103,424	\$ (120,287)
Add (deduct) non-cash items:		
Depreciation	52,956	67,558
(Gains)/Losses on sale of assets	4,130	8,576
Fair value movement in forward exchange contracts	488	(4,125)
Deferred tax (benefit)/expense	9,456	(41,693)
Total non-cash items:	67,030	30,316
Add (deduct) movements in working capital:		
(Increase)/decrease in receivables	143,715	603,051
Increase/(decrease) in payables	118,421	(187,480)
Increase/(decrease) in employee entitlements	16,133	(46,827)
Increase/(decrease) in GST payable	17,274	(47,369)
Increase/(decrease) in deferred revenue	(275,362)	(229,081)
Net movements in working capital	(267,249)	92,294
Add (deduct) movements in investing and financing activities:		
(Gains)/Losses on sale of assets	174	(3,200)
Interest Received	(40,082)	(52,966)
Interest Paid	24,167	28,051
Tax subvention payment received	139,219	-
Net movements in investing and financing activities:	123,478	(28,115)
Net cash flow from operating activities	26,683	(25,792)

1. Reporting entity

The financial statements presented are for Creative HQ Limited ("Creative HQ").

Creative HQ is a company incorporated in New Zealand under the Companies Act 1993 and is domiciled in New Zealand and operates from Wellington. Creative HQ is wholly owned by the Wellington Regional Economic Development Agency Limited (trading as WellingtonNZ) and is a Council Controlled Organisation as defined under section 6 of the Local Government Act 2002.

The primary objective of the Company is to encourage, promote and support the establishment and growth of business investment and employment opportunities within the region, rather than make a financial return.

The registered office of Creative HQ is Level 1, 7 Dixon Street, Te Aro, Wellington, New Zealand.

The financial statements are for the year ended 30 June 2025. The financial statements were authorised for issue by the Board on 24 September 2025.

Venture Studios Limited (VSL) is a wholly owned subsidiary. This company is currently dormant and non-trading. Due to immateriality the financials have not been consolidated with Creative HQ Limited

2. Statement of accounting policies

Accounting policies are included in the note to which they relate. Accounting policies that do not relate to a specific note are outlined below.

Basis of preparation

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period.

Statement of compliance

The financial statements are prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP). The financial statements have also been prepared in accordance with the requirements of the Companies Act 1993.

The primary objective of Creative HQ is to encourage, promote and support the establishment and growth of business investment and employment opportunities within the region, rather than to make a financial return. Therefore, Creative HQ is a Public Benefit Entity (PBE) for financial reporting purposes.

The financial statements have been prepared in accordance with Tier 2 PBE Standards and disclosure concessions have been applied. Creative HQ meets the requirements for Tier 2 PBE accounting standards as its expenses are less than \$33 million, but greater than \$2 million and is not defined as publicly accountable in accordance with the PBE accounting standards. These financial statements comply with Tier 2 PBE Standards.

Basis of measurement

The financial statements have been prepared on an historical cost basis, except for certain financial assets that have been measured at fair value. The financial statements are presented in New Zealand dollars (\$). This is the functional currency.

Budget figures

The budget figures are derived from the statement of intent as approved by the Board at the beginning of the financial year. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Board in preparing these financial statements.

Critical accounting estimates and assumptions

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

- Note 7 provides information about the estimates and assumptions applied in determining the fair value of property, plant and equipment, and intangible assets.
- Note 8 provides information about the estimates and assumptions applied in determining the fair value of investments.

Critical judgements in applying accounting policies

Management has exercised critical judgements in applying accounting policies in the following areas.

- Grants – see note 3 for explanation
- Leases – see note 10 for explanation

Comparatives

To ensure consistency with the current year, certain comparative information has been reclassified where appropriate. This has occurred:

- where Creative HQ has made additional disclosures in the current year, and where a greater degree of disclosure of prior year amounts and balances is required; and
- where there has been a change in accounting policy (there has been no change in the 2024/25 year that affects prior year comparatives).

Goods and services tax

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

The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Deferred revenue

Revenue that spans balance date has been recognised as conditions pertaining to eligible expenditure or milestones have been fulfilled. The balance has been recorded as deferred revenue.

Equity

Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

- accumulated surplus/(deficit)
- fair value through other comprehensive revenue and expense reserves.

Fair value through other comprehensive revenue and expense reserves

This reserve comprises the cumulative net change of financial assets classified as fair value through other comprehensive revenue and expense.

3. Revenue

Accounting policy

Revenue

Revenue is measured at the fair value of consideration received or receivable.

Exchange revenue

Service Revenue

Revenue received from services provided is recognised in proportion to the stage of completion at balance date.

Sponsorship

Sponsorship is recognised as revenue when received and all associated obligations have been met. Sponsorship received for which the requirements and services have not been met are treated as "deferred revenue" under current liabilities.

Non-exchange revenue

Wellington Regional Economic Development Agency (trading as WellingtonNZ)

WellingtonNZ contributions are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

Grants

Grant revenue is recognised upon entitlement as conditions pertaining to eligible expenditure or milestones are achieved. Creative HQ must exercise judgement when recognising grant revenue to determine if conditions of the grant contract have been satisfied. This judgement will be based on the facts and circumstances that are evident for each contract.

Donated goods or services received not recognised

Creative HQ receives significant support from business mentors, coaches and guest speakers who provide their time free of charge to our programmes including Accelerators and Incubators.

Service revenue	2025	2024
Government (New Zealand)	616,573	514,596
International	272,726	170,033
School of innovation	624,746	757,443
Other	254,066	124,056
Total service revenue	1,768,111	1,566,128

Other revenue	2025	2024
Gain on sale of fixed assets	174	3,200
Other income	-	12,749
Total other revenue	174	15,949

4. Personnel costs and employee entitlements

Accounting policy

Short-term employee entitlements

Employee benefits, that are due to be settled within 12 months after the end of the period in which the employee renders the related service, are measured based on accrued entitlements at current rates of pay. These include salaries, accrued up to balance date, and annual leave earned but not yet taken at balance date.

A liability and an expense are recognised for bonuses where there is 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.

Presentation of employee entitlements

Annual leave is classified as a current liability. All other employment entitlements are classified as a non-current liability.

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 as incurred.

Analysis of personnel costs	2025	2024
Salaries and wages	2,361,099	2,499,889
Defined contributions plan employer Kiwisaver contributions	70,683	75,969
Total personnel costs	2,431,782	2,575,858

Employee remuneration

Total remuneration paid to employees during the year:	2025	2024
< \$100,000	8	18
\$100,000-\$109,999	3	1
\$110,000-\$119,999	-	-
\$120,000-\$129,999	-	1
\$130,000-\$139,999	2	-
\$140,000-\$149,999	1	2
\$150,000-\$159,999	1	3
\$160,000-\$169,999	-	-
\$170,000-\$179,999	1	1
\$180,000-\$189,999	1	1
\$190,000-\$199,999	1	1
\$200,000-\$209,000	1	-
\$260,000-\$269,999	1	-
\$270,000-\$279,999	-	1
Total employees during the year	20	29

At balance date, CreativeHQ employed 14 (2024: 13) full-time and 4 part-time employees (2024:2), equalling 2.8 full-time equivalent). A full-time employee is determined on the basis of a 40-hour working week.

Analysis of employee entitlements	2025	2024
Accrued salaries and wages	19,743	8,557
Accrued annual leave	100,581	95,633
Total employee entitlements	120,324	104,190

4. Personnel costs (continued)

Board member remuneration

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

	2025	2024
Independent Directors		
Lance Walker	-	18,333
Susan Reynolds	-	5,000
Wayne Mulligan	-	9,555
Diana Siew	-	9,555
Trent Mankelow	-	8,416
Chief Executive of WellingtonNZ		
John Allen	-	4,777
Total Board member remuneration		55,636

Director fees were set at \$10,000 per annum. The Chair received \$20,000 per annum and the Chief Executive of WellingtonNZ received \$5,000 per annum.

Tracey Bridges is currently the only director and does not receive compensation for this role from Creative HQ.

Previous directors finish dates:

Lance Walker, chairman (ceased 31 May 2024)

Trent Mankelow (resigned 14 June 2024)

John Allen (resigned 14 June 2024)

Wayne Mulligan (resigned 14 June 2024, term due to end 30 June 2024)

Diana Siew (resigned 3 May 2024)

Susan Reynolds (resigned 31 December 2023, term due to end 30 June 2024)

	2025	2024
Key management personnel compensation		
Board of Directors		
Remuneration	-	55,636
Full time equivalent members	1.0	5.1
Leadership team		
Remuneration	856,651	816,264
Full time equivalent members	4.0	4.0
Total key management personnel remuneration		856,651
Total full time equivalent members		5.0
		9.1

Board members are calculated as full-time equivalents based on the amount of time served on the board.

5. Other expenses

Analysis of other expenses	2025	2024
Contractors	407,392	330,629
Marketing and events	291,236	300,883
Premises rental	186,806	206,138
Travel	190,432	163,507
Technology	93,498	133,444
Other expenses	44,720	73,955
Training and recruitment	27,537	62,956
Office expenses	67,697	67,458
Legal and professional fees	35,475	26,828
Operating lease expense	1,846	4,065
Memberships	2,919	4,536
Fees to auditor for Creative HQ financial statement audit	65,246	36,345
Other foreign exchange gains and losses	3,542	16,448
Loss on sale of assets	4,477	8,575
Total other expenses	1,422,823	1,435,767

Net finance costs	2025	2024
Interest income	40,082	52,966
Interest expense on loan with WellingtonNZ	(23,433)	(28,045)
Total net finance costs	16,649	24,921

6. Tax expense

Accounting policy

Current Tax

Current tax is calculated by reference to the amount of income taxes payable or receivable in respect of the taxable profit or tax loss for the period, adjusted for any difference between the estimated and actual revenue tax payable in prior periods. It is calculated using tax rates (and tax laws) that have been enacted or substantively enacted at balance date. Current tax for current and prior periods is recognised as a liability or (asset) to the extent that it is unpaid (or refundable). Tax assets and liabilities are offset only when Creative HQ has a legally enforceable right to set off the recognised amounts and intends to settle on a net basis.

Tax expense / (benefit) comprises:	2025	2024
Current tax expense / (income)	37,039	-
(Over)/under provision of income tax in previous period	(139,212)	-
Overseas withholding tax	-	917
Deferred tax expense/(income) relating to the origination and reversal of temporary differences	146,680	(41,693)
Total income tax expense / (benefit) is attributable to continuing operations	44,507	(40,776)

The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:

Net surplus before tax	147,931	(161,064)
Income tax expense calculated at 28%	41,421	(45,098)
Tax effect of:		
Permanent differences – current year	3,079	3,405
	44,500	(41,693)
(Over)/under provision of income tax in previous period	7	-
Overseas withholding tax	-	917
Income tax expense / (benefit)	44,507	(40,776)

Current tax

Opening balance	17,613	14,829
Prior period adjustment	(7)	-
Tax refunds received	(17,606)	(14,829)
Resident withholding tax	8,372	17,613
Income tax refund	8,372	17,613

6. Tax expense (continued)

Accounting policy

Deferred Tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from the difference between the carrying amounts for assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all tax temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as the result of a business combination) which affects neither taxable income nor accounting profit.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off income taxes levied by the same taxation authority and Creative HQ intends to settle its current tax assets and liabilities on a net basis.

Deferred tax	2025	2024
The balance comprises temporary differences attributable to:		
Tax losses	-	139,219
Temporary differences	31,899	39,361
Balance at 30 June	31,899	178,580

Movements	Employee Provisions	Property, plant and equipment	Sundry Creditors	Losses	Total
At 1 July 2024	26,776	(3,357)	15,941	139,219	178,580
Charged to income	38	2,967	(10,467)	(139,219)	(146,681)
At 30 June 2025	26,814	(390)	5,474	-	31,899

Movements	Employee Provisions	Property, plant and equipment	Sundry Creditors	Losses	Total
At 1 July 2023	38,934	(6,690)	4,587	100,055	136,887
Charged to income	(12,158)	3,333	11,354	39,164	41,693
At 30 June 2024	26,776	(3,357)	15,941	139,219	178,580

7. Property, plant and equipment, and intangible assets.

Accounting policy

Property, plant and equipment consists of the following asset classes: equipment, office furniture and fittings and computer software. Intangible assets consist of software. Asset classes are measured at cost, less accumulated depreciation and impairment losses.

Additions and Disposals

The cost of an item of property, plant and equipment or intangible asset is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to Creative HQ and the cost of the item can be measured reliably. In most instances, an item of property, plant and equipment, or intangible asset is initially recognised at its cost. Where an asset is acquired through non-exchange transaction, it is recognised at its fair value as at the date of acquisition.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to Creative HQ 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.

Depreciation and Amortisation

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land, at rates that will write-off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major property, plant, and equipment have been estimated as follows:

- Computer Hardware 1-7.5 years
- Equipment 1.5-12 years
- Furniture 5-12 years
- Office fit out 3-14.5 years

Amortisation is provided on a straight-line basis on all intangible assets, at rates that will write-off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives of major intangible assets been estimated as follows:

- Software 3 years

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated remaining useful lives of the improvements, whichever is the shorter.

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year-end.

Impairment of property, plant and equipment, and intangible assets

Creative HQ does not hold any cash-generating assets. Assets are considered cash-generating where their primary objective is to generate a commercial return.

Property, plant, and equipment and intangible assets held at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable service amount. The recoverable service amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value depends on the nature of the impairment and availability of information.

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

Estimating useful lives and residual values of property, plant and equipment, and intangible assets

At each balance date, the useful lives and residual values of property, plant and equipment, and intangible assets are reviewed. Assessing the appropriateness of useful life and residual estimates of property, plant and equipment, and intangible assets requires a number of factors to be considered such as the physical condition of the asset, expected period of use of the asset by Creative HQ, and expected disposal proceeds from the future sale of asset.

An incorrect estimate of the useful life or residual value will affect the depreciation or amortisation expense recognised in the surplus or deficit, and carrying amount of the asset in the statement of financial position. Creative HQ minimises the risk of this estimation uncertainty by physical inspection of assets, asset replacement programs, review of second-hand market prices for similar assets and analysis of prior assets sales.

Creative HQ has not made significant changes to past assumptions concerning useful lives and residual values for property, plant and equipment.

7. Property, plant and equipment, and intangible assets (continued)

2025	Equipment	Office furniture and fittings	Computer hardware	TOTAL
Opening net book value				
Cost or deemed cost 1 July 2024	71,425	463,388	39,798	574,611
Accumulated depreciation	(56,431)	(247,120)	(31,028)	(334,579)
Net carrying value 1 July 2025	14,994	216,268	8,770	240,032
Additions	1,420	-	10,057	11,477
Disposals	(1,495)	-	(18,181)	(19,676)
Depreciation	(9,296)	(38,337)	(5,323)	(52,956)
Elimination on disposal - current year	1,495	-	13,705	15,200
Net movement	(7,876)	(38,337)	258	(45,955)
Closing net book value				
Cost or deemed cost 30 June 2025	71,350	463,388	31,674	566,412
Accumulated depreciation	(64,232)	(285,457)	(22,646)	(372,335)
Net carrying value 30 June 2025	7,118	177,931	9,028	194,077
 2024				
2024	Equipment	Office furniture and fittings	Computer hardware	TOTAL
Opening net book value				
Cost or deemed cost 1 July 2023	100,833	441,782	69,219	611,834
Accumulated depreciation	(69,018)	(225,318)	(51,144)	(345,480)
Net carrying value 1 July 2024	31,815	216,464	18,075	266,354
Additions	4,694	58,960	1,036	64,690
Disposals	(34,102)	(37,354)	(30,457)	(101,913)
Depreciation	(17,319)	(41,065)	(9,174)	(67,558)
Elimination on disposal	29,906	19,263	29,290	78,459
Net movement	(16,821)	(196)	(9,305)	(26,322)
Closing net book value				
Cost or deemed cost 30 June 2024	71,425	463,388	39,798	574,611
Accumulated depreciation	(56,431)	(247,120)	(31,028)	(334,579)
Net carrying value 30 June 2024	14,994	216,268	8,770	240,032

8. Investments in incubator and accelerator companies

Accounting policy

Investments in incubator and accelerator companies

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

Creative HQ 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 received represent a small proportion of the total equity of the client company. These shares are investments in equity instruments that do not have a quoted market price in an active market and are designated as available for sale.

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 programme do not have a value on initial recognition as no external investment has yet occurred and therefore the fair value of the initial investment is valued at nil. Companies in the accelerator programme have initial recognition at fair value through other comprehensive revenue and expense.

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 valuation guidelines and are based on the principle of 'fair value' and are reviewed following any relevant changes in accounting standards or market practices. The IPEV Guidelines provide a framework for private equity and venture capital investors to arrive at a fair value for their investments. The IPEV are of the view that compliance with PBE accounting standards can be achieved by following the guidelines.

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

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

As at 30 June 2025, 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.

<i>Investment in incubator and accelerator companies</i>	2025	2024
Opening balance	1,741,445	1,695,904
Sale of Cloud Cannon shares	-	(8,433)
Movement in fair value of accelerator and incubator companies	94,992	53,974
Total investment in incubator and accelerator companies	1,836,437	1,741,445

Creative HQ previously invested in unlisted early-stage companies. Unlisted investments are generally not publicly traded. As there may be no open market to establish an independent value for certain unlisted investments, there can be no assurance that a determination of fair value for an unlisted investment will be obtainable in the market, or that there will be a market for the unlisted investment.

Notwithstanding the uncertainty of the valuation of the investment, the Board is of the view that the fair values of the unlisted investments in these financial statements represent the best available information.

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. 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.

9. Equity accounted investments

Accounting policy

Wholly owned subsidiary

Venture Studio Limited (VSL) was a joint venture in which Creative HQ had joint control and held a 33.33% ownership interest. VSL was incorporated on 21 June 2019 and prepared its first set of financial statements on 31 March 2020. VSL is not publicly listed.

VSL was created to support projects from the Creative HQ government accelerator program, which present a commercial opportunity outside of government.

There were no active projects in VSL and it was in the process of being shut down when Creative HQ identified a number of future opportunities that may require a separate legal entity to be established. Therefore, Creative HQ decided to acquire VSL as a 100% wholly owned subsidiary. As there was no value left in the entity, the other two shareholders agreed to transfer their shares to Creative HQ (at nil cost), which took place on 3 November 2021.

The following table summarises the financial information of VSL as included in its own financial statements to 31 March 2025.

VSL's comprehensive revenue for 2025 is considered immaterial to the results of Creative HQ and so has not been included as consolidated financial statements.

Comprehensive revenue and expense	2025	2024
Revenue	7	9
Cost of sales	-	-
Operating expenses	(467)	(443)
Surplus / (deficit) and total comprehensive revenue and expense (100%)	(460)	(434)
Creative HQ'S share of surplus and comprehensive revenue and expense (100%)	(460)	(434)

10. Leases as lessee

Accounting policy

Operating lease payments

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset to the lease. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

Critical judgments in applying accounting policies

Lease classification

Determining whether a lease agreement is a financial lease or an operating lease requires judgement as to whether the agreement transfers substantially all the risks and rewards of ownership to Creative HQ.

Judgement is required on various aspects that include, but are not limited to, the fair value of the leased asset, the economic life of the leased asset, whether or not to include renewal options in the lease term, and determining an appropriate discount rate to calculate the present value of the minimum lease payments. Classification as a finance lease means the asset is recognised in the statement of financial position as property, plant, and equipment, whereas for an operating lease no such asset is recognised.

Operating leases as lessee

Non-cancellable operating leases	2025	2024
Not later than one year	185,093	185,093
Later than one year and not later than five years	92,138	261,056
Later than five years	-	-
Total non-cancellable operating leases	277,231	446,149

These operating leases relate to the office space at 7 Dixon Street and the copier lease. The office lease commenced in December 2024, with 2 rights of renewal of 3 years each. The final expiry date is December 2032. The copier lease commenced in March 2023 for a 5 year period. Fixed monthly payments are made for both leases.

11. Other financial assets and liabilities

Accounting policy

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held on call with banks, and other short-term highly liquid investments with original maturities of three months or less.

Other financial assets

Other financial assets include investments with a maturity longer than three months, but less than 12 months, and loans to the subsidiary Venture Studio Limited.

Receivables

Short-term receivables are recorded at their face value, less any provision for impairment. A receivable is considered impaired when there is evidence that Creative HQ will not be able to collect the amount due. The amount of the impairment is the difference between the carrying amount of the receivables and the present value of the amounts expected to be collected.

Payables

Short-term payables are recorded at their face value.

Derivative financial instruments - forward exchange contracts

Derivative financial instruments are used to manage the group's exposure to foreign exchange risk arising from its operational activities. The group does not hold or issue derivative financial instruments for trading purposes. The group has not adopted hedge accounting.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at each balance date with the resulting gain or loss recognised in surplus or deficit.

Forward foreign exchange derivatives are classified as current if the contract is due for settlement within 12 months of balance date. Otherwise, the fair value of foreign exchange derivatives is classified as non-current.

Outstanding contracts at 30 June 2025:

2025	Notional Principal (Foreign)	Notional Principal (NZD)	Maturity	Fair value asset(liability)
Currency				
USD	36,239	59,494	< 3 months	(33)
USD	75,767	123,889	3 - 6 months	(158)
USD	72,478	117,972	6 - 12 months	(297)
Total	184,484	301,356		(488)

The fair value of forward exchange contracts is determined using Level 2 inputs under the PBE IPSAS 30 fair value hierarchy. Valuations are based on forward exchange rates at balance date with the resulting value discounted to present value.

At 30 June 2025, Creative HQ's exposure to foreign exchange risk from forward exchange contracts was immaterial, with a net fair value liability of \$488. All contracts were entered into shortly before balance date, significantly reducing exposure to exchange rate fluctuations.

Accordingly, the impact of reasonably possible exchange rate movements would not have a material effect on the financial statements, and no detailed sensitivity analysis has been presented.

The Company is exposed to credit risk in the event of non-performance by counterparties to derivative contracts. This risk is managed by limiting transactions to high-credit-quality financial institutions.

Borrowings

Borrowings on normal commercial terms are initially recognised at the amount borrowed plus transaction costs. Interest due on the borrowings is subsequently accrued and added to the borrowings balance until paid.

	2025	2024
Financial assets		
Loans and receivables		
Cash and cash equivalents	518,193	990,696
Term deposits with maturities less than 3 months	-	-
Term deposits with maturities greater than 3 months and less than 12 months	503,084	-
Loan to Venture Studio Limited	2,415	1,700
Trade and other receivables	598,773	455,242
Total loans and receivables	1,622,465	1,447,638
Financial assets at fair value through other comprehensive revenue and expense		
Investments in incubator and accelerator companies	1,836,437	1,741,445
Total assets at fair value through other comprehensive revenue and expense	1,836,437	1,741,445
Financial liabilities measured at amortised cost		
Trade and other payables	291,688	144,160
Loan with WellingtonNZ*	400,000	400,000
Total financial liabilities measured at amortised cost	691,688	544,160

*Creative HQ currently maintains a \$1m loan facility with its parent WellingtonNZ, with \$400,000 drawn at the year-end (2024: \$400,000). Interest on this loan is paid monthly and is detailed in note 5.

12. Related party transactions

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

In the current financial year, Creative HQ received \$932,897 in funding from WellingtonNZ to run its startup programmes and Tech Sector events programme.

In 2019/20, WellingtonNZ provided a loan of \$400,000 to support the growth plan aspirations of the business. The loan was on normal commercial terms until 1st May 2020, when it was changed to a low interest rate loan, with an interest rate based on the OCR rate plus 1.5%. Repayments are scheduled to be made on the \$400,000 loan from July 2025. Total interest costs during the year were \$23,433.

In the current year, Creative HQ loaned Venture Studio Limited, a wholly owned subsidiary, \$715 (2024: \$300) to cover administrative expenses. The total value loaned is now \$2,415 (2024: \$1,700)

Refer to Note 4. for board and senior leadership team remuneration.

13. Commitments

There were no commitments at the balance date (2024: nil).

14. Contingent liabilities and assets

There were no contingent liabilities or contingent assets at balance date (2024: nil).

15. Events after the balance date

There were no post balance sheet events that required adjustment.

16. Explanation of major variance against budget

Explanations for major variances from Creative HQ's budgeted figures in the statement of intent are as follows:

Statement of comprehensive revenue and expense

Revenue from non-exchange transactions

The revenue from non-exchange transactions was \$284,000 higher than budget. This is due to Creative HQ delivering on behalf of WellingtonNZ their Tech Sector Strategy Programme, the funding covers direct resourcing costs and event spend.

Revenue from exchange transactions

The revenue from non-exchange transactions was \$144,000 higher than budget. This is related to additional international revenue generated, offsetting lower domestic revenue.

Expenses

Total expenditure was \$268,000 above budget. The majority of this is related to the WellingtonNZ Tech Sector Strategy and includes additional staffing and expenditure for running events.

Statement of financial position

Cash and Cash Equivalents

Cash and cash equivalents were lower than budget due to a transfer of surplus funds to a term deposit

Receivables

Receivables are higher than budget due to the timing of customer payments, in particular a number of international projects completed close to the end of year.

Property, plant and equipment

PPE was slightly higher than budget due to lower than expected depreciation charges. Overall capital expenditure was lower than budgeted.

Investments in incubator and accelerator companies

A review of incubator and accelerator valuations only happens at the year end and are difficult to budget for. Therefore, for budgeting purposes, a conservative approach is taken.

Payables

Payables were slightly higher than budget due to higher level of activity close to year end and in particular for contractors and events,

Employee entitlements

Employee entitlements are slightly lower than budget, due to the timing of annual leave of staff.

Deferred revenue

This is lower than budget due to lower levels of activity, with a number of projects finished prior to the financial year end.

Loan from WellingtonNZ

No payments or further drawings have been made during 2024/2025. Repayments of the loan are due to start July 2025.

Appendix – Directors' interests during the year

Tracey Bridges	
Organisation	Active Interest
Digital Media Trust	Trustee
Portchester Consulting	Principal
Royal New Zealand Plunket Trust	Board Member
The Good Registry	Co-founder
WELLFed	Director
Wellington Regional Stadium Trust	Trustee
Education New Zealand	Chair (ceased during the year)

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF CREATIVE HQ LIMITED'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2025

The Auditor-General is the auditor of Creative HQ Limited (the company). The Auditor-General has appointed me, Nathan Breckell, using the staff and resources of Grant Thornton New Zealand Audit Limited, to carry out the audit of the financial statements and performance information of the company on his behalf.

We have audited:

- the financial statements of the company on pages 6 to 24, that comprise the statement of financial position as at 30 June 2025, the statement of comprehensive revenue and expenses, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the company on page 5.

Qualified Opinion on the financial statements and the performance information

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 company on pages 6 to 24:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2025;
 - 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 Entity Reporting Standards Reduced Disclosure Regime.
- the performance information of the company on page 5:
 - presents fairly, in all material respects, the company's actual performance compared against the performance targets and other measures by which performance was judged in relation to the company's objectives for the year ended 30 June 2025.
 - has been prepared in accordance with section 68 of the Local Government Act 2002 (the Act).

Our audit was completed on 24 September 2025. This is the date at which our opinion is expressed.

The basis for our qualified 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: our work over the carrying value of investments in incubator and accelerator companies were limited

As outlined in Note 8, the Company has accounted for the fair value of its investments in incubator and accelerator companies using a variety of metrics, including the price of the most recent investment made by external investors.

We were unable to obtain sufficient appropriate evidence to support the carrying value of these investments because there was no recent share transaction activity for some of the investments in the portfolio, and the Company could not always support key judgements made about:

- *Reliance on convertible notes to determine fair value for some investments, as largely, these won't involve new external investors, and also may not be converted into equity;*
- *No determined change to valuation for the year as the company only based to no changes to capital, shareholdings, or funds raised;*
- *Some key judgements are not sufficiently supported;*
- *Several different valuation approaches have been taken without sufficient justification;*
- *Lack of information from portfolio companies.*

We were therefore unable to determine whether the carrying value of \$1,836,437 (2024: \$1,741,445) and associated fair value movement of \$94,992 (2024: \$53,974 increase) required any adjustment. There were no satisfactory audit procedures that we could adopt to determine the effect of these limitations in scope.

Performance Information: our work over the 'Building Startups – Number of Pre-incubation founders' performance measure was limited

We were unable to obtain sufficient appropriate evidence over the Company's 'Building Startups – Number of Pre-incubation founders' performance measure (see page 5). The company did not maintain adequate supporting documents for all pre-incubation founders that registered with Creative HQ for the Startup Sessions.

Our work over this performance measure was therefore limited, and there were no satisfactory audit procedures that we could perform to verify the reported number of registrations.

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 company for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparing the performance information for the company.

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole are free from material misstatement, whether due to fraud or error, and to issue a 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 Company's approved budget.

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

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

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

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

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 3 to 4 and 25 to 26 but does not include the financial statements and the performance information, and our auditor's report thereon.

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

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with

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

Independence

We are independent of the Company in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: 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 company.



Nathan Breckell
Grant Thornton New Zealand Audit Limited
On behalf of the Auditor-General
Wellington, New Zealand