![Westroads]

ANNUAL
REPORT

2023
WESTROADS LTD

30 JUNE 2023

Annual Report
For the Year Ended 30 June 2023

Building a better working world

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF WESTROADS LIMITED'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2023

The Auditor-General is the auditor of Westroads Limited (the company). The Auditor-General has appointed me, Bruce Loader, using the staff and resources of Ernst & Young, to carry out the audit of the financial statements and performance information of the company on his behalf.

Opinion

We have audited:

- the financial statements of the company on pages 10 to 13 and 15 to 33 (other than note 22), that comprise the statement of financial position as at 30 June 2023, the statement of comprehensive income, 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 pages 14, 32, and 33 (other than notes 20, 21 and 23).

In our opinion:

- the financial statements of the company:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2023; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with New Zealand equivalents to International Financial Reporting Standards; and
- the performance information of the company 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 2023.

Our audit was completed on 28 September 2023. This is the date at which our opinion is expressed.

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

Basis for our opinion

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 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 an auditor's report that includes our opinion.

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

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the company's statement of intent.

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

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

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

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 5 to 9, 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 (including International Independence Standards) (New Zealand) (PES 1)* issued by the New Zealand Auditing and Assurance Standards Board.

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

Bruce Loader
Ernst & Young
On behalf of the Auditor-General
Christchurch, New Zealand

DIRECTORS	*Chairman*:	Peter Cuff
	Director:	Ross Pickworth
	Director:	Mark Rogers
	Director:	Rob Caldwell

- **REGISTERED OFFICE**

  267 Kaniere Road

  Hokitika

  Phone 03 756 8044

  Fax 03 755 6734

- **AUDITOR**

  Ernst & Young on behalf of the Controller & Auditor-General

- **BANKERS**

  Bank of New Zealand, Cnr Mackay & Tainui Streets, Greymouth

The Directors of Westroads Ltd have pleasure in presenting the Annual Report together with the audited financial statements of the Company operations for the year ended 30 June 2023.

Westroads Ltd was founded in January 1995 and commenced operation on 1 January 1996.

PRINCIPAL ACTIVITIES

The Company's principal activities during the year were:

- Maintenance and construction of roads and bridges including traffic services, streetlights, footpaths, kerb and channel, cycleways and parking facilities;
- Maintenance, operation and development of water treatment and distribution systems;
- Maintenance, operation and development of sewerage collection and treatment systems;
- Maintenance and construction of stormwater collection systems including natural water courses specifically delegated from the Regional Council;
- Maintenance and development of parks, reserves, landfills and cemeteries;
- Maintenance of townships including landscaping, sculptures, fountains, garden plots, median islands and public conveniences;
- Installation of ultra-fast broadband cables;
- Provision of human resources for civil defence;
- Manufacture and supply of aggregate and crushed metals and
- Horizontal infrastructure construction
    - Watermain Installation
    - Drainage installation

REVIEW OF OPERATIONS

Results for the Year Ended 30 June 2023	$000
Net Surplus (Loss) before Taxation	846
Subvention Payment	380
Income Taxation	133
Net Surplus (Loss) After Taxation	333
Other Comprehensive Income	
Deferred Taxation on Comprehensive Income	0
Total Other Comprehensive Income	0
Movements in Equity	
Equity (opening balance)	11,238
Distributions to Owners	(300)
Surplus after Taxation	333
Total Other Comprehensive Income	0
Equity (closing balance)	11,271

DIRECTORS' INTERESTS

Directors have had interests in transactions with the company during the year. Refer note 17 Related Party Transactions.

There were no notices from Directors requesting to use company information received in their capacity as directors which would not otherwise be available to them.

Peter Cuff (PC)

CBR Trustees Ltd	Director
125 Revell Limited	Director & Shareholder
51 Tancred Limited	Director & Shareholder
CBR Trustees No 3 Ltd	Director
CBR Trustees No. 2 Ltd	Director
Cuffs Ltd	Director
Cuffs Trustees No 4 Ltd	Director & Shareholder
Fire and Emergency NZ	Deputy Fire Chief
Hoki Holdings Ltd	Director & Shareholder
Take Note Hokitika	Part Owner
Tasman View Properties Ltd	Director & Shareholder
The Beachfront Hotel Hokitika Ltd	Director

Ross Pickworth (RP)

Ashburton Contracting Limited	Director
Electronet Services Limited	Director
Electronet Technology Limited	Director
Industrial Controls South Canterbury Ltd	Director
McLenaghan Contracting Limited	Chair

Mitton Electronet Limited	Director
Pipeline and Civil Limited Independent	Director
Pipeline Group Limited Independent	Director
PLC Plant Limited Independent	Director
Transwaste Canterbury Limited	Director
West Oak Trading Limited	Director and Shareholder
Westpower Limited	Director

Rob Caldwell (RC)

Grey District Council - Risk & Assurance Committee	Independent Chair
The New Zealand Refinery Ltd	Director and Chair

Mark Rogers

Cumberland Property Group Limited	Chair
Cumberland Rural Properties Limited	Chair
Fulton Hogan Limited	Shareholder
Institute of Directors Canterbury Branch	Committee Member
Kingsdown-Salisbury Hall Committee	Treasurer
Men at Work Limited	Chair
MVHB Professional Services Limited	Shareholder and Director
PrimePort Timaru	Director
Takapo AMW Limited	Chair
Te Runanga o Arowhenua Limited	Chair
The Rogers Family Trust	Trustee
Timaru District Holdings Limited	Chair

REMUNERATION OF DIRECTORS

Remuneration and other benefits paid or due to directors on behalf of the Company for services as a director during the year, are as follows:

P M Cuff	$	46,500
R Pickworth	$	35,000
M Rogers	$	35,000
R Caldwell	$	36,000
	$	**152,500**

INDEMNITY AND INSURANCE

Directors and Officers Liability Insurance has been arranged by the Company.

DONATIONS

The total amount of donations made by the Company during the year is $26,223.

AUDITORS

The Auditor-General is appointed under Section 15 of the Public Audit Act 2001 and Section 70 of the Local Government Act 2002. Ernst & Young has been appointed to provide these services.

DIRECTORS' DECLARATION

In the opinion of the directors of Westroads Ltd, the financial statements and notes on pages 10 to 33:

- Comply with New Zealand generally accepted accounting practice and give a true and fair view of the financial position of the Company as at 30 June 2023 and the results of their operations and cash flows for the year ended on that date.
- Have been prepared using appropriate accounting policies, which have been consistently applied and supported by reasonable judgements and estimates.

The directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Company and facilitate compliance of the financial statements with the Financial Reporting Act 2013.

The directors consider that they have taken adequate steps to safeguard the assets of the Company, and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide a reasonable assurance as to the integrity and reliability of the financial statements.

For and on behalf of the Board

P M Cuff (Chairperson)
Date 27th September 2023

R T Caldwell (Director)
Date 27th September 2023

WESTROADS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 $000	2022 $000
Revenue from contracts with customers	1	31,066	28,572
Cost of Sales	2	21,970	19,567
Gross Profit		9,096	9,005
Other Income	3	505	888
Depreciation	2 & 15	2,490	2,431
Administrative Expenses	2	5,908	5,921
Results from operations		1,203	1,541
Finance Expense	4	357	309
Net finance costs		357	309
Profit (Loss) before Income Tax		846	1,232
Subvention Payment		380	200
Income tax Expense	5	133	261
Profit (Loss) for the period		333	771
Attributable to:			
Equity holders of the parent		333	771
		333	771
Total Comprehensive Income for the Year		**333**	**771**
Attributable to:			
Equity holders of the parent		333	771
		333	**771**
Earnings per share from continued operations (in cents)		0.24	0.56

WESTROADS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

	Note	Share Capital	Asset Revaluation Reserve	Retained Earnings	Total
		$000	$000	$000	$000
Balance 1 July 2022		1,385	1,275	8,579	11,238
Profit/(loss) for the Period		0	0	333	333
Other Comprehensive Income		0	0	0	0
Deferred Tax on Revaluation		0	0	0	0
Dividends to Equity Holders	6	0	0	(300)	(300)
Balance 30 June 2023		**1,385**	**1,275**	**8,612**	**11,271**

	Note	Share Capital	Asset Revaluation Reserve	Retained Earnings	Total
Balance 1 July 2021		1,385	1,275	7,908	10,568
Profit/(loss) for the Period		0	0	771	771
Other Comprehensive Income		0	0	0	0
Deferred Tax on Revaluation		0	0	0	0
Dividends to Equity Holders	6	0	0	(100)	(100)
Balance 30 June 2022		**1,385**	**1,275**	**8,579**	**11,238**

WESTROADS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Note	2023 $000	2022 $000
EQUITY			
Share Capital	6	1,385	1,385
Retained Earnings		8,611	8,578
Asset Revaluation Reserve		1,275	1,275
		11,271	11,238
represented by:			
CURRENT ASSETS			
Cash and Cash Equivalent	7	1,222	277
Trade and Other Receivables	8	2,923	2,662
Prepayments		2	36
Inventory	9	973	899
Work in Progress		11	63
Contract Assets	10	1,473	1,461
Total Current Assets		6,603	5,398
CURRENT LIABILITIES			
Trade and Other Payables	12	2,208	2,102
Contract Liabilities	10	212	349
Subvention Payment Payable	5	380	200
Loan and Other Borrowings	11	1,242	620
Employee Benefit Liabilities	13	1,124	1,215
Tax Payable	5	231	192
Lease Liability	14	112	126
Total Current Liabilities		5,508	4,804
Working Capital		1,095	594
NON-CURRENT ASSETS			
Property Plant & Equipment	15	13,244	13,428
Term Investments	7	75	
Right of Use Assets	14	594	663
Total Non-Current Assets		13,913	14,090
NON-CURRENT LIABILITIES			
Loan and Other Borrowings	11	3,038	2,610
Employee Benefit Liabilities	13	134	109
Deferred Tax Liability	5	17	115
Lease Liability	14	547	611
Total Non-Current Liabilities		3,737	3,446
Net Assets		11,271	11,238

WESTROADS LIMITED
STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 $000	2022 $000
Cash Flows from Operating Activities			
Cash was provided from:			
Receipts from customers and other sources		30,926	29,274
Total Cash Inflows from Operating Activities		**30,926**	**29,274**
Cash was disbursed to:			
Payments to employees and suppliers		28,127	25,624
Income taxes paid		192	1
Subvention payments made		200	0
Purchase of term inventory		0	(204)
Interest paid		357	344
Total Cash Outflows from Operating Activities		**28,876**	**25,764**
Net Cash Inflow from Operating Activities	16	**2,049**	**3,510**
Cash Flows from Investing Activities			
Cash was provided from:			
Proceeds from sale of property, plant and equipment		902	628
Total Cash Inflows from Investing Activities		**902**	**628**
Cash was applied to:			
Purchase of property, plant and equipment		2,544	1,019
Total Cash Outflows from Investing Activities		**2,544**	**1,019**
Net Cash Outflow from Investing Activities		**(1,642)**	**(391)**
Cash Flows from Financing Activities			
Cash was provided from:			
Proceeds of bank advances		4,280	0
Total Cash Inflows from Financing Activities		**4,280**	**0**
Cash was applied to:			
Repayment of loans		3,230	2,174
Increase in Investments		75	0
Payment of lease liabilities	14	136	115
Dividends paid		300	100
Total Cash Outflows from Financing Activities		**3,742**	**2,389**
Net Cash Inflow/(Outflow) from Financing Activities		**538**	**(2,389)**
Net Increase/(Decrease) in Cash Held		945	731
Add opening bank balance at 1 July		277	(454)
Bank Balance at 30 June		**1,222**	**277**
Made up of:			
Cash		1,222	277
		1,222	**277**

WESTROADS LIMITED
STATEMENT OF SERVICE PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 23

	ACTUAL 2023 $000	BUDGET 2023 $000
GROSS REVENUE	31,066	31,852
less Cost of Sales	21,970	22,839
GROSS PROFIT	**9,096**	**9,013**
plus Other Income	505	391
Depreciation	2,490	2,451
less Administrative Expenses	5,908	5,432
less Finance Costs	357	209
NET PROFIT (LOSS) BEFORE TAXATION	**846**	**1,312**
Taxation Expense	133	339
Subvention Payments	380	100
NET SURPLUS (LOSS) AFTER TAXATION	**333**	**873**
Other Comprehensive Income	0	0
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	**333**	**873**
Equity At 1 July	11,238	11,028
Dividends	300	400
Earnings Retained	333	472
EQUITY AT 30 JUNE	**11,271**	**11,500**

Return On Average Shareholders Funds Before Tax and Revaluations	7.51%	10.00%
Percentage Of Shareholders Funds to Total Assets	55%	45-100%
Distributions As a Percentage of After Tax Profits	204.2%	40-70%
Compliance With Statutory & Regulatory Obligations	Achieved	No Breaches

WESTROADS LIMITED
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 JUNE 2023

REPORTING ENTITY

Westroads Limited (the Company) is registered under the Companies Act 1993 and is domiciled in New Zealand. Westroads Limited is a wholly owned subsidiary of Westland Holdings Limited. The ultimate controlling party is Westland District Council. The company is a Council Controlled Trading Organisation as defined in Section 6(1) of the Local Government Act 2002.
The financial statements of the Company for the year ended 30 June 2023 were authorised for issue in accordance with a resolution of the directors on 27th September 2023.

BASIS OF PREPARATION
Statement of Compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). The financial statements comply with New Zealand equivalents to International Financial Reporting Standards. For the purposes of complying with NZ GAAP the company is a for-profit entity

The financial statements of the Company have been prepared in accordance with the requirements of the Companies Act 1993 and the Local Government Act 2002.

STANDARDS OR INTERPRETATIONS NOT YET EFFECTIVE

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

Measurement base

The financial statements have been prepared on a historical cost basis except for land and buildings were revalued in June 2021 and every three years. The next revaluation is due in June 2024

Functional and presentation currency

These financial statements are presented in New Zealand dollars ($), which is the Company's functional currency. All financial information presented has been rounded to the nearest thousand.

Use of estimates and judgements

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 estimate is revised and in any future periods affected.
In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

Note 1 – Revenue from contracts with customers
Note 3 – Other Income
Note 11 – Finance leases
Note 14 – Right of use asset and lease liabilities
Note15 – Depreciation and estimated useful lives of property, plant and equipment

CHANGES IN ACCOUNTING POLICIES

There are no new standards, interpretations, and amendments in the current year that impact on the annual financial statements for the year ended 30 June 2023 and therefore there are no changes in the company's accounting policies.

SIGNIFICANT ACCOUNTING POLICIES

Accounting policies set out below have been applied consistently to all periods presented in these financial statements. The following particular accounting policies which materially affect the measurement of financial results and financial position have been applied:

PROPERTY, PLANT & EQUIPMENT

Recognition and measurement
With the exception of land and buildings, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land and buildings are measured at revalued amount less subsequent depreciation.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

Subsequent costs
The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

Depreciation
Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

The estimated useful lives are as follows:

	2023
Buildings	4-50 years
Plant and Equipment	1-20 years
Office Furniture & Equipment	2-7.5 years

Revaluation
Land and buildings are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three years. All other asset classes are carried at depreciated historical cost.

The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued.

Revaluations of property, plant, and equipment are accounted for on a class-of-asset basis.

The net revaluation results are credited or debited to other comprehensive income and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive income but is recognised in the surplus or deficit.
Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive income.

Disposals
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. When revalued assets are sold, the amounts included in revaluation reserves in respect of those assets are transferred to the accumulated surplus/(deficit) within equity.

Definite useful lives
Mining licences that are acquired by the Company, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. There is no remaining useful lives for the mining licences.

INVENTORIES
Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity. Metal inventory cost is calculated on a discounted sale value basis, as an approximation of weighted average cost. In the case of development land inventory, cost includes any development costs to date. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

IMPAIRMENT
The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any objective evidence of impairment.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amounts of assets and are recognised in the profit or loss.

Impairment of Receivables
The Company applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and aging. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts. The expected loss rates are based on the Company's historical credit losses experienced over the three-year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on economic factors affecting the Companies customers. There is no impairment deemed necessary as the company are not expecting any credit losses.

Impairment of Contract assets and Contract liabilities
The Company applies IFRS15 to measure Contract assets and Contract liabilities.

These items arise from contracts entered into that can span over the financial year and also reflect retention funds that are held by the client until such time as a certificate of completion has been signed off. It may take a up to 2 years to complete, because cumulative payments received from customers at each balance sheet date do not necessarily equal the amount of revenue recognised on the contracts.

There has been no Impairment of Contract Assets or Contract Liabilities

FINANCIAL INSTRUMENTS
The Company categorises its financial assets and its financial liabilities as being at amortised cost.

Financial Assets
The company's financial assets comprise cash and cash equivalents, and trade and other receivables. These are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market.
Financial assets are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less impairment.

Financial liabilities
Financial liabilities comprise trade and other payables, borrowings, and advances. Borrowings are initially recognised at their fair value net of transaction costs, and subsequently measured at amortised cost using the effective interest method.

Interest-bearing borrowings
Interest-bearing borrowings are classified as other non-derivative financial instruments.

Trade and other payables
Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

GOODS AND SERVICES TAX (GST)
All items in the financial statements are exclusive of goods and services tax (GST) with the exception of receivables and payables which are stated with GST included. Where GST is irrecoverable as an input tax then it is recognised as part of the related asset or expense.

EMPLOYEE BENEFITS
Defined contribution plans
Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss when they are due.

Other long-term employee benefits
The Company's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted.

Termination benefits
Termination benefits are recognised as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognised if the Company has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

Short-term benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

PROVISIONS
A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

FAIR VALUE
The Company uses various valuation methods to determine the fair value of certain assets. The inputs to the valuation methods used to measure fair value are categorised into two levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

INCOME TAX EXPENSE
Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit or loss except to the extent that it relates to items recognised directly in other comprehensive income or equity, in which case it is recognised in other comprehensive income or equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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

Bank overdrafts are shown in current liabilities in the statement of financial position.

CONTRACT ASSETS
Contract assets primarily relate to the Company's rights to consideration for work performed but not billed at the reporting date. The contract assets are transferred to trade receivables when the rights have become unconditional. This usually occurs when the Company issues an invoice in accordance with contractual terms to the customer. Payments from customers are received based on a billing schedule / milestone basis, as established in our contracts.

CONTRACT LIABILITIES
Contract liabilities primarily relate to the Companies obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. Contract liabilities are recognised as revenue when work is performed under the contract. If the net amount of the Company's rights to consideration for work performed after deduction of progress payments received is negative, the difference is recognised as a liability and included as part of contract liabilities.

The Company as a lessee

The Company assesses whether a contract is or contains a lease at inception of the contract. The Company recognises a Right of Use asset (ROU) and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases and leases of low-value assets where the Company recognises the lease payments as another operating expense on a straight-line basis over the term of the lease. Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate (IBR). Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments, less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease if the lease term reflects the exercise of an option to terminate the lease.

Lease liabilities are presented as a separate line in the balance sheet and are subsequently measured by increasing the carrying amount to reflect interest on the lease (using the effective interest method) and reducing the carrying amount to reflect the lease payments made. The Company remeasures the lease liability if:

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- Lease payments changing due to changes in an index or rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate; or
- A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

ROU assets comprise of the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Wherever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under NZ IAS 37. The costs are included in the related ROU asset, unless those costs are incurred to produce inventories. ROU assets are depreciated over the shorter period of lease term and useful life of the underlying asset.

The estimated useful lives of ROU assets are based on the lease term. Depreciation starts at the commencement date of the lease. ROU assets are presented as a separate line in the balance sheet. The Company applies NZ IAS 36 to determine whether a ROU asset is impaired and accounts for any identified loss under the same policy adopted for property, plant and equipment. Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and ROU asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in other operating expenses in the income statement.

WESTROADS LIMITED
NOTE TO THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2023

1. Revenue from Contracts with Customers

Over Time	**2023**	**2022**
	$000	**$000**
Maintenance contracts	16,247	14,444
Construction contracts	11,393	11,428
Other contracts	2,034	1,410
Total Contracts Revenue	**29,673**	**27,282**
At a point in time		
Sales of goods and services metal	1,393	1,290
Total Revenue	**31,066**	**28,572**

Under NZIFRS 15, revenue is recognised when a customer obtains control of the goods or services. Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised if it meets the criteria below.

i) Maintenance Contracts

The Company primarily generates service revenue from the following activities:

- roading and footpaths
- amenity assets including water and wastewater
- parks, trees and cleaning

Typically, under the performance obligations of service contracts, the customer consumes and receives the benefit of the service as it is provided. As such, service revenue is recognised over time as the services are provided.

(ii) Construction Contracts

The contractual terms and the way in which the Company operates its construction contracts is predominantly derived from projects containing one performance obligation. There are numerous milestones in each project, however the performance obligation is the delivery of completed construction project as this primary outcome of each contract. Under these performance obligations, customers either simultaneously receive and consume the benefits as the company performs them or performance creates or enhances an asset that the customer controls as the asset is created or enhanced. Therefore, contracted revenue is recognised over time based on stage of completion of the contract. Transaction price is based on contract value.

(iii) Sale of Goods Revenue

Is recognised at a point in time when the customer obtains control of goods and services, specifically when physical goods are delivered to the customer. Transaction price is based on the agreed sales price.

iv) Other Contracts

Other contracts included contracts that cannot be classified under Maintenance or Construction - such as smaller Plumbing contracts and operation of Landfill management assets is recognised over time. Under these performance obligations, customers either simultaneously receive and consume the benefits as the Company performs them.

v) Variable Consideration

Westroads has not incurred any claim for liquidated damages during the financial year.

vi) Warranties and Defect Periods

Construction and service contracts can include defect and warranty periods which vary from contract to contract, following completion of the project. These obligations are not deemed to be separate performance obligations and therefore are estimated and included in the total costs of the contracts. Where required, amounts are recognised in provisions

Key estimates and judgements: Revenue recognition

- Stage of completion of construction contracts

Determining the stage of completion requires an estimate of expenses incurred to date as a percentage of total estimated costs. The progress to satisfaction is assessed by reference to measure and value of work performed and agreed by the client before an invoice is submitted for payment, therefore the satisfaction of the performance obligation represents a faithful depiction of the transfer of goods or services.

- Modifications

When a contract modification exists and the Company has an approved enforceable right to payment, revenue in relation to claims and variations is only included in the transaction price when the amount claimable becomes highly probable. Management uses judgement in determining whether an approved enforceable right exists and the amount that meets the “highly probable” threshold.

- Variable consideration

Where consideration in respect of a contract is variable, the expected value of revenue is only recognised to the amount management considers is recoverable. This is assessed on a periodic basis and is based on all available information, including historic performance. When modifications in design or contract requirements are entered into, the transaction price is updated to reflect these. Where the price of the modification has not been confirmed, an estimate is made of the amount of revenue to recognise.

Timing of revenue and payment

Payment is required on the 20th day of the month after the issuing of invoice. The only difference in timing between recognition of income and receipt of payment are Contract Retentions, which are classified as Contract Assets and Contract Liabilities in the Statement of Financial Position. Retentions are released when a certificate of completion is produced and the remaining balance after the defects period documented in the contact is reached.

2. Nature of Expenses

The following items are included in the expenditure of the Company	2023 $000	2022 $000
Audit fees to Ernst & Young comprising audit of financial statements	85	67
Depreciation & amortisation leases	128	125
Depreciation & amortisation	2,362	2,306
Loss on sale of property, plant & equipment	15	144
Impairment inventory and buildings	0	0
Directors' fees	153	155
Donations	26	5
Rental and operating lease costs	19	275
Bad debts written off	1	8
Personnel Expenses		
Wages & salaries	10,491	10,073
Contributions to defined contribution plans	463	436
Long service leave	31	(33)
Retiring gratuities	4	77
	10,988	**10,553**

Personnel expenses are split between cost of sale and administration expenses in the Statement of Comprehensive Income

3. Other Income

	2023 $000	2022 $000
Gain on sale of property, plant & equipment	424	306
Capital gain sale plant	1	311
Impairment Reversal	0	0
Subvention WDC Correction 2022	0	(41)
Supplier rebates	24	74
Government COVID related grant	18	210
Recoveries	38	27
	505	**888**

4. Finance Expenses

	2023 $000	2022 $000
Interest Expense on Lease Liabilities	32	35
Other Finance Costs	324	274
	357	**309**

5. Taxation

The taxation expense that would arise at the standard rate of corporation tax in New Zealand is reconciled to the tax expense as follows:

	2023 $000	2022 $000
Surplus/(deficit) before taxation	846	1,232
Prima facie taxation @ 28%	237	345
(Less) Tax Effect Losses Brought Forward	0	(41)
Plus/(Less) taxation effect of permanent differences	2	2
(Less) Tax Effect of Subvention Payment to WHL	(50)	(28)
(Less) Tax Effect of Subvention Payment to WDC	(56)	(28)
(Less) Tax Effect of Prior Year Subvention correction DWL	0	11
Taxation Expense	**133**	**261**

The taxation charge is represented by:

	2022 $000	2022 $000
Current taxation	231	193
Deferred Taxation Movement	(98)	68
	133	**261**

Deferred taxation (liability)/asset

	2023 $000	2023 $000
Opening Balance	(115)	(47)
Movement Recognised in Profit or Loss	98	(68)
	(17)	**(115)**

Deferred tax assets and liabilities are attributable to the following:

	2023 $000	2023 $000
Employee benefit plans (Asset)	9	8
Accruals (Asset)	244	238
Revaluation Carrying Losses	(69)	(69)
Retentions (Liability)	(268)	(255)
Property, Plant & Equipment (Liability)	67	(36)
	(17)	**(115)**

6. Share Capital

At 30 June 2023 the Company has issued 1,385,326 (2022: 1,385,326) shares which are fully paid. The Par value of the shares is $1 per share. All shares carry equal voting rights and the right to share in any surplus on winding up of the company. None of the shares carry fixed dividend rights.
Two dividends totalling $300,000 were paid during the year (2022: $100,000). Dividends paid per share equated to $0.22 (2022: $0.07).

7. Cash and Cash Equivalent	2023 $000	2022 $000
Cash in Bank	1,221	276
Cash on Hand	1	1
Total Cash and Cash Equivalent	**1,222**	**277**

8. Trade and Other Receivables

	2023 $000	2022 $000
Trade Debtors - non-related	1,769	1,694
Trade Debtors - related parties	1,003	795
Cost Fluctuation Adjustment Accruals	150	174
Total	**2,923**	**2,662**
Total receivables	**2,923**	**2,662**

All receivables relate to NZ and their status at the reporting date is as follows:-

	Gross Receivable 2023 $000	Expected credit loss 2023 $000	Gross Receivable 2022 $000	Expected credit loss 2022 $000
Not past due	2,712	0	2,233	0
Past due 0-30 days	41	0	225	0
Past due 31-120 days	17	0	28	0
Past due 121-360 days	1	0	3	0
Past due more than 1 year	0	0	0	0
	2,772	**0**	**2,488**	**0**

9. Inventory

	2023 $000	2022 $000
Manufactured inventories and work in progress		
Metal Stocks	908	804
Other Supplies	65	95
	973	**899**

Cost of inventories recognised as an expense

During the year ended 30 June 2023, $864,081.56 was recognised as an expense for inventories carried at net realisable value. This is recognised in cost of sales.

10. Contract Assets and Liabilities

Contract Assets

Contract assets primarily relate to the Company's rights to consideration for work performed but not billed at the reporting date. The contract assets are transferred to trade receivables when the rights have become unconditional. This usually occurs when the Company issues an invoice in accordance with contractual terms to the customer. Payments from customers are received based on a billing schedule / milestone basis, as established in our contracts. Contact assets are disaggregated according to contract type:

	2023 $000	2022 $000
Maintenance contracts	200	228
Construction contracts	1,208	1,181
Other contracts	64	52
Total current contract asset	**1,473**	**1,461**

As of 30 June 2023, the aggregate amount of the transaction price allocated to the remaining performance obligations is $20,121 (2022: $16,495). The Company will recognise this revenue when the performance obligations are satisfied. 100% of remaining performance obligations are expected to occur within the next two years.
Revenue recognised for the year ended 30 June 2023 from performance obligations satisfied (or partially satisfied) in previous periods amounted to amounted to $11,538.

The Change in Contract Assets reflects increase in retentions compared to last year. Further type of contracts still in Work in Progress at year end being more Maintenance than Construction

Contract liabilities primarily relate to the Companies obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. Contract liabilities are recognised as revenue when work is performed under the contract. If the net amount of the Company's rights to consideration for work performed after deduction of progress payments received is negative, the difference is recognised as a liability and included as part of contract liabilities.

	2023	2022
	$000	$000
Maintenance contracts	10	50
Construction contracts	199	298
Other contracts	3	1
Total contract liabilities	**212**	**349**

The opening balance of contract liabilities was $348,901 in 2023, all of which was recognised as revenue in the 2023 financial year.

11. Amortised Costs (Loan & Borrowings)

	2023	2022
	$000	$000
WHL Loans	4,000	0
Bank Loan	280	3,230
	4,280	**3,230**
The bank term loan and finance lease are split as follows:-		
Current Lending Debt	1,242	620
Non-current Lending Debt	3,038	2,610
	4,280	**3,230**

Terms and conditions of loans & borrowings and their balances are as follows:-

	2023	2022	Interest Repricing due	Maturing
CARL Loan - TD - Interest Rate - 7.91%	0	962	1 Year	Matured
Fixed Term Asset Loan ($1,277k) - Interest rate - 7.91%	0	887	3 Years	Matured
Money Management Loan ($3,344k) - Interest rate - 9.02%	280	0	Variable	2024
Grey Assets Loan ($650k) - Interest Rate - 7.91%	0	438	Variable	Matured
Grey Assets Loan ($350k) - Interest Rate - 7.91%	0	241	Variable	Matured
Hoki CF Loan ($1,000k) - Interest rate - 7.91%	0	702	Variable	Matured
WHL- LGFA - WH2504 ($1,500k) - Interest rate - 5.41%	1,500	0	2 Years	2029
WHL LGFA - WH0424 ($1,500k) - Interest rate - 5.7061%	1,500	0	1 Year	2029
WHL LGFA - WH0923 ($1,000k) - Interest rate - 5.275%	1,000	0	3 Months	2023

(Carrying value is not materially different to Face value)

In managing interest rate risks the Company aims to reduce the impact of short-term fluctuations on the Company's earnings. Over the longer-term, however, permanent changes in interest rates will have an impact on profit. At 30 June 2023, it is estimated that a 1% increase in interest rates would reduce the Company's 2023 profit before tax by $2,800 (estimated decrease in 2022: $13,811.) The company has no formal interest rate hedging policy.

12. Trade and other Payables

	2023 $000	2022 $000
Trade Payables	1,872	1,653
Trade Payables - Related Parties	46	43
GST Payable	160	342
Accruals and other liabilities	130	65
Total Trade and other Payables	**2,208**	**2,102**

13. Employee Entitlements

The Company has the following current employee entitlements	2023 $000	2022 $000
Annual Leave	671	730
Time in Lieu/Stat Leave	28	26
Long Service Leave	15	13
Sick Leave	22	28
Accrued Salary and Wages	388	419
	1,124	**1,215**

The Company has the following non-current employee entitlements

	2023 $000	2022 $000
Retirement Gratuities	34	30
Long Service Leave	100	79
	134	**109**

14. Right of use asset and lease liability

The Company recognises a right-of-use asset (ROU) and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases and leases of low- value assets where the Company recognises the lease payments as another operating expense on a straight-line basis over the term of the lease.

Right of Use Asset

	Commercial property	Gravel extraction consent	Photo copying equipment	Total
	$000	$000		$000
As at 1 July 2021	765	4	18	788
Depreciation expense	(116)	(2)	(7)	(125)
Total ROU as at 30 June 2022	**649**	**2**	**11**	**663**

	Commercial property	Gravel extraction consent	Photo copying equipment	Total
	$000	$000		$000
As at 1 July 2022	649	2	11	663
Additions	59.	0	0	59
Depreciation expense	(119)	(2)	(7)	(128)
Total ROU as at 30 June 2023	**589**	**0**	**4**	**594**

The lease of the land and buildings in Christchurch contains an option to renew the contract for a further three years at 2023 and 2026. It is reasonably certain that the lease will be renewed at these dates, as such the right of asset for the Christchurch building has been calculated with rights renewed in 2023 and 2026.

Lease liability – Maturity Analysis

	2023	2022
Lease liabilities under NZ IFRS 16:	**Total lease liability**	**Total lease liability**
Less than one year	112	126
Between one and five years	527	486
More than five years	20	125
Total lease payable	659	737
Current	112	126
non current	547	611
	659	737

	2023	2022	
Total cash outflow for leases - principal portion	136	115	
Total cash outflow for leases - interest portion	32	35	**Note 4**

Total lease expenditure in 2023 was $153,284

Cashflow for liquidity risk note	2023 Total lease liability	2022 Total lease liability
6 months post balance date	74	86
6-12 months post balance date	65	70
More than 1 year	612	698
	751	854

15. Property, plant, and equipment	Land & Buildings $000	Plant & Equipment $000	Office Furniture & Equipment $000	Total $000
Cost or deemed cost				
Balance at 1 July 2021	3,440	26,386	711	30,537
Additions	12	994	13	1,019
Disposals	(19)	(2,153)	(49)	(2,221)
Balance at 30 June 2022	**3,433**	**25,226**	**675**	**29,335**
Balance at 1 July 2022	3,433	25,226	675	29,335
Additions	0	2,591	80	2,671
Disposals	0	(1,775)	(7)	(1,782)
Balance at 30 June 2023	**3,433**	**26,042**	**748**	**30,224**
Depreciation and impairment losses				
Balance at 1 July 2021	380	14,413	574	15,366
Depreciation for the year	78	2,157	71	2,306
Disposals	(19)	(1,697)	(49)	(1,765)
Balance at 30 June 2022	**439**	**14,873**	**595**	**15,907**
Balance at 1 July 2022	439	14,873	595	15,907
Depreciation for the year	78	2,197	87	2,362
Disposals/Writeback on Revaluation	0	(1,290)	0	(1,290)
Balance at 30 June 2023	**516**	**15,780**	**683**	**16,980**
Carrying Amounts				
At 1 July 2020	2,480	11,943	99	14,522
At 30 June 2021	2,994	10,353	80	13,428
At 1 July 2021	2,994	10,353	80	13,428
At 30 June 2022	2,917	10,262	65	13,244

Security

At 30 June 2023 properties with a carrying value of $2,782,399 (2022: $2,994,447) are subject to a registered mortgage to secure bank loans.
At 30 June 2022 no plant and equipment was subject to a registered chattel security (2022: $0). All plant & equipment is subject to a general registered debenture

Finance Lease

The net carrying cost of plant held under finance lease is nil ($15K in 2022)

Note 14 Provides further information about finance leases

Revaluation

On 29th June 2021 the Company's land and buildings were independently valued by registered valuers, CVL (Coast Valuations Ltd). The fair value is determined based on comparable sales values to determine its fair value. The Company's land and buildings are valued every three years.

Valuation approach

The Impact of COVID-19 has been considered, however based on the forward work secured and after discussion with Coast Valuations Limited no adjustments were considered necessary.

16. Reconciliation of Net Surplus after Taxation with Cash Inflow from Operating Activities

	2023 $000	2022 $000
Net surplus after taxation	333	774
Add/(less) non cash items:		
Depreciation and amortisation	2,490	2,511
Increase/(decrease) in provision for doubtful debts	0	3
Increase/(decrease) in deferred tax	(98)	65
Increase/(decrease) in Employee Entitlements (non-current)	25	(31)
Total Non-Cash Items	**2,417**	**2,548**
Add/(less) items classified as investment & financing activities:		
Net loss (gain) on sale of fixed assets	(410)	(172)
Capital account payable	(127)	0
Total Investing & Financing Activity Items	**(537)**	**(172)**
Add/(less) movements in working capital items:		
(Decrease)/increase in accounts payable and accruals	106	(310)
Increase/(decrease) in employee entitlements	(91)	(207)
Increase/(decrease) in provision for taxation	38	192
Decrease (Increase) in Contract Assets	(11)	(300)
Increase/(decrease) in Contract Liabilities	(137)	118
Increase/(decrease) in Subvention payment payable	180	200
Decrease (Increase) in receivables and prepayments	(226)	712
(Increase)/decrease in inventory	(74)	(205)
(Increase)/decrease in term inventory	0	204
(Increase)/decrease in work in progress	52	(43)
Working Capital Movement - Net	**(164)**	**360**
Net Cash Inflows from Operating Activities	**2,049**	**3,510**

17. Transactions with Related Parties

During the year the Company transacted business with businesses in which Directors and Shareholders had an interest. These transactions were entered into in the ordinary course of the company's business and on its usual terms and conditions. Details of these interests are as follows:

Director/ Shareholder	Business in which an Interest is Declared	Type of Transaction	Transaction Amount $000	Balance at 30 June $000
		1 July 2022 to 30 June 2023		
WDC	Westland District Council	Payment - Rentals & Rates	38	2
WDC	Westland District Council	Westroads Sales	10,515	994
WDC	Westland District Council	Subvention Payment	200	200
WDC	Westland Holdings Ltd	Subvention Payment	180	180
WDC	Westland Holdings Ltd	Dividend	300	0
WDC	Westland Holdings Ltd	LGFA Loans, Interest & Fees	77	3,502
WDC	Destination Westland	Payment - Rentals	42	25
WDC	Destination Westland	Sale - Property Repairs	27	10
P M Cuff	Cuffs Ltd	Purchase - accounting services	2	0
P M Cuff	The Beachfront Hotel	Purchase - Entertainment	7	0
R Pickworth	Westpower Limited	Payment - Rental RT	6	1
R Pickworth	Electronet Services	Payment - Electrical Repairs	17	3
R Pickworth	Electronet Services	Westroads Sales	14	0
C Rea	Hokitika Automotive Ltd	Payment - Plant Materials & Service	47	4
C Rea	ChatR Communications ltd	Payment - Plant Materials & Service	22	0
M Rogers	Men At Work Limited	Payment - Traffic Management	58	9
	1 July 2021 to 30 June 2022			
WDC	Westland District Council	Payment - Rentals & Rates	35	1
WDC	Westland District Council	Westroads Sales	8,716	782
WDC	Westland District Council	Subvention Payment	100	100
WDC	Westland Holdings Ltd	Subvention Payment	100	100
WDC	Westland Holdings Ltd	Dividend	100	0
WDC	Destination Westland	Payment - Rentals	48	31
P M Cuff	Cuffs Ltd	Purchase - accounting services	3	0
P M Cuff	The Beachfront Hotel	Purchase - Entertainment	4	1
P M Cuff	The Beachfront Hotel	Sales-Construction	11	0
P M Cuff	Take Note	Payment - Stationery	229	84
R Pickworth	Westpower Limited	Payment - Rental RT	6	1
R Pickworth	Electronet Services	Payment - IT Services	23	0
R Pickworth	Electronet Services	Westroads Sales	160	13
C Rea	Hokitika Automotive Ltd	Payment - Plant Materials & Service	53	3
C Rea	ChatR Communications ltd	Payment - Plant Materials & Service	22	3
M Rogers	Men At Work Limited	Payment - Traffic Management	9	2

All amounts billed are based on normal market rates and payable or receivable under normal payment terms and no related party debts have been written off or forgiven during the year.

Key management personnel disclosure

Reporting of Key management personnel has increased this year to include the entire Senior Leadership Team, and the directors.
The Senior Leadership Team includes the General Manager, the Financial Controller and the Westcoast and Christchurch Branch Managers, the Head of Estimating, the Systems Manager, and the Fleet Manager. Last year's comparative figure does not include the Fleet Manager.

Key management personnel compensation comprised	2023 $000	2022 $000
Short-term employee benefits	1,546	1,285
Termination benefits	0	0
	1,546	1,285

There are no loans to or from key management personnel.

REMUNERATION OF EMPLOYEES

Twenty-four senior employees' remuneration and benefits totalled more than $100,000, the combined total of these twenty-four employees was $3,306,858 broken into the following bands: -

2023

Salary Range		Employees
$ 100,000	$ 110,000	6
$ 110,000	$ 120,000	5
$ 120,000	$ 130,000	3
$ 130,000	$ 140,000	2
$ 140,000	$ 150,000	1
$ 150,000	$ 160,000	3
$ 170,000	$ 180,000	1
$ 190,000	$ 200,000	2
$ 300,000	$ 310,000	1
		24

18. Events Subsequent to Balance Date
Subsequent to balance date, 30th June 2023 the Christchurch lease has been extended for another 3 years.

19 Capital Commitments
At 30 June 2023, the Company had no capital commitments (2022: $459,250)

20. Financial Instruments
The accounting policy for financial instruments has been applied to the items below:

Financial Assets at amortised costs	2023 $000	2022 $000
Cash and cash equivalents	1,222	277
Trade accounts receivable	2,923	2,662
Financial Liabilities at amortised cost		
Trade and other payables	2,048	2,102
Borrowings	4,280	3,230

The amounts reported above represent the company's maximum credit exposure for each class of financial instrument. The anticipated contractual cash flows of the financial instruments are not expected to be material and are all anticipated to occur within twelve months of the balance date, except for borrowings, which are analysed in note 12.

The Company is party to financial instruments as part of its everyday operations. These include instruments such as bank balances, investments, accounts receivable and trade creditors.

The Company has a series of policies providing risk management for interest rates and the concentration of credit.

The Company is risk averse and seeks to minimise exposure from its treasury activities. Its policies do not allow any transactions which are speculative in nature to be entered into.

Interest Rate Risk

The company is exposed to fair value and cash flow interest rate risk.

Fair value interest rate risk

Fair value interest rate risk is the risk that a financial instrument will fluctuate due to changes in market interest rate. Borrowings at fixed rates expose the company to fair value interest rate risk. The company have fixed rate borrowings measured at amortised cost, with relatively short maturity periods and interest repricing schedules. The directors do not consider the fair value interest rate risk to be significant at this time.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. The company has most borrowings at variable rates. Accordingly, there is an interest rate risk at present (refer note 12.) The directors consider that this risk is balanced by the considerable benefit of the present lower floating rates.

Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company has no exposure to currency risk.

Credit Risk

Credit risk is the risk that a third party will default on its obligations to the company, causing the company to incur a loss. The maximum exposure to credit risk at 30 June 2023 is equal to the carrying value for cash and cash equivalents, trade and other receivables. Credit risk is managed by restricting the amount of cash and derivative financial instruments which can be placed with any one institution and these institutions are all New Zealand registered banks with at least a Standard & Poor's rating of A.

Accordingly, the company does not require any collateral or security to support financial instruments with organisations it deals with.

The company has a credit policy in place under which customers are individually analysed for credit worthiness and assigned a purchase limit. If no external ratings are available, the Company reviews the customer's financial statements, trade references, bankers' references and/or credit agencies' reports to assess credit worthiness.

Concentrations of credit risk with respect to accounts receivable are high due to the reliance on the Westland District Council and Grey District Council for a high proportion of the Company's revenue. However, both Councils are considered high credit quality entities.

Liquidity Risk

Credit risk is the risk that a third party will default on its obligations to the company, causing the company to incur a loss. The maximum exposure to credit risk at 30 Jue 2023 is equal to the carrying value for cash and cash equivalents, trade and other receivables. Credit risk is managed by restricting the amount of cash and derivative financial instruments which can be placed with any one institution and these institutions are all New Zealand registered banks with at least a Standard & Poor's rating of A. As at 30 June 2023, the Company's total cash held at BNZ is $1,221,109. BNZ has a Standards and Poor's rating of AA-.

	Carrying amount	Contractual cashflow	less than 6 months	6-12 months	More than 1 year
	$000	$000	$000	$000	$000
Payables (excl income in advance, taxes payable and subventions)	2,049	2,049	2,049	0	0
Secured Loans	4280	4,567	1,231	1,715	1,622
Lease Liabilities	737	854	86	70	698
Debtors	2,772	2,772	2,772	0	0
	4293	**4,698**	**593**	**1,785**	**2,320**

Fair Values

The estimated fair values of the financial assets and liabilities is equal to their carrying amounts are as stated in the Statement of Financial Position.

Capital Management

The Company's capital includes share capital and retained earnings.
The Company has a policy of shareholder's funds being in the ratio of 45-100% of total assets.
The Company maintains a level of earnings before interest and tax to cover interest costs 2 times.

	2023	2022
Earnings Before Interest and Tax	1,203	1,541
Finance Expense	357	309
Ratio	**3.37:1**	**5.13:1**

21. Contingent Liabilities and Contingent Assets	**2023**	**2022**
At 30 June 2023, the Company had the following contingent liabilities:	**$000**	**$000**
Guarantees:		
(a) Performance Bonds in favour of Westland District Council	1,066	1,030
(b) Performance Bonds in favour of Grey District Council.	360	360
(c) Mining Bonds	7	7
(d) Performance Bond in favour of Christchurch City Council	625	813
(e) Performance Bonds in favour of Fulton Hogan Ltd	127	250
(f) Performance Bond in favour of Director General of Conservation	165	165
(g) Performance Bonds in favour of Waimakariri District Council	0	34
	2,349	**2,659**

There are no contingent assets.

22. Social Reporting

Lost Time Injury

	2022/23	2021/22	Target
Full Days Lost due to workplace accidents/incidents	43	93	0
Lost Time Injury Days as % of all days worked	0.1%	0.3%	0%
Incidents notifiable to Worksafe NZ	0	0	0

Westroads Ltd continued to Promote Zero Harm by ensuring the following:-
*Employees are trained, supervised and monitored.
*Employees are encouraged to report all incidents, accidents and near misses
*Employees are encouraged to complete improvement forms to improve safety.
*Employees must complete a daily personal risk assessment (Take5) to identify hazards and minimise the risk on all worksites.
*Site Audits are regularly completed.
*Safety Briefs are conducted with the team every 2nd month.
*Team Annual Medical checks.
*Continuously monitoring and updating Health and Safety Systems.

Training Expenditure

	2022/23 $000	2021/22 $000	Target
Training Expenditure	242	165	
Training as % of Revenue	0.8%	0.6%	0.8%

Staff Turnover 15-20%

Staff turnover was at 29% (2022: 38%). 33 staff left their employment and cited the following reasons:

Of the 33 staff who left:-		
Retirement	1	3%
Fixed Term/Casual Contracts	1	3%
Performance/Terminated	2	6%
No reason/Job satisfaction/Study/More money	13	39%
Redundancy	2	6%
Loss of Contract	5	15%
Relocation	3	9%
Personal/Medical	5	15%
Deceased	1	3%
	33	100%

Overall, there was a decrease of 13% in the number of jobs (2022: decrease of 13%). As at 30 June 2023, Westroads had 114 staff employed, or 112 full time equivalent.

Staff Breakdown

The average age of staff is 50 years of age (2022: 49).

	Number	%
55 Years or older (10 years until retirement)	47	41%
60 Years or older (5 years until retirement)	28	25%
65 Years or older (3 have left since balance date)	12	11%

23. Imputation Credits

	2023 $000	*2022* $000
Imputation Credits available for use in subsequent period	2,116	2,040