Westland Holdings

WESTLAND HOLDINGS LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2018

DIRECTORY

Directors:	Chairman: Albert G Brantley
	Director: Christopher J Rea
	Director: Joanne M Conroy
	Director: Christopher G Gourley
Registered Office:	Westland District Council
	36 Weld Street, Hokitika
	Phone 03 756 9010
	Fax 03 756 9045
Auditor:	Audit New Zealand on behalf of the Controller & Auditor-General
Bankers:	Westpac Bank, Revell Street, Hokitika
Solicitors:	Elcock & Johnston, PO Box 85, Hokitika

DIRECTORS REPORT

The Directors present the Annual Report of Westland Holdings Limited for the year ended 30 June 2018. Westland Holdings Limited was founded in July 2002 as a holding company for the various commercial interests of the Westland District Council. It currently has 2 operating subsidiaries which it owns 100% of, namely:

- Westroads Limited and
- Destination Westland Limited

Review of Operations

Results for the Year Ended 30 June 2018	**$000**
Net Surplus before Taxation	2,348
Subvention Payment	250
Income Taxation	571
Net Surplus after Taxation	1,527
Other Comprehensive Income	(831)
Total Comprehensive Income for the Year	696
Movements in Equity	
Equity (opening balance)	12,933
Distributions to Owners	(120)
Surplus after Taxation	1,527
Total Other Comprehensive Income	(831)
Equity (closing balance)	13,509

Directors' Interests:
The Company did not transact business with any business in which any director had an interest. The directors have no interest in the shares of the Company or any of its subsidiaries.

Significant Changes in the State of Affairs

AMALGAMATION
On 29 June 2018 Hokitika Airport Limited amalgamated with Westland District Properties Limited in accordance with Part XIII of the Companies Act 1993.

The following summary opening balances were included in the financial statements at that date

	$000
Current Assets	90
Current Liabilities	1,085
Non Current Assets	2,946
Non Current Liabilities	457
Total Equity	1,494

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:

	$
G P King	10,000
D Carruthers	8,000
D Routhan	8,000
Total Remuneration	26,000

Remuneration and other benefits paid or due to directors on behalf of the Group of the subsidiaries for services as a director during the year totalled $202,000. Details of the fees paid to directors are contained in the individual subsidiary accounts.

There were no loans made to the directors during the year or owing from them at the year end.

Director Appointment and Retirement

Appointments:
A G Brantley, J M Conroy and C J Rea were all appointed as directors of Westland Holdings Limited on 28 June 2018. CG Gourley was appointed on 26 July 2018.

Retirements:
GP King retired as director of Westland Holdings Limited on 16 April 2018. D L Carruthers and D Routhan both retired as directors of Westland Holdings Limited on 28 June 2018.

There were no other director appointments or retirements during the year.

Remuneration of Employees

Within the Group there were twelve employees whose remuneration and benefits package was over $100,000. The total remuneration of these twelve employees totalled $1,589,800, broken into the following bands: -

Salary Range		Employees
100,000	110,000	5
110,000	120,000	2
130,000	140,000	2
140,000	150,000	1
160,000,	170,000	1
230,000	240,000	1

There were no other employees or former employees within the Group that earned more than $100,000 during the year.

Indemnity and Insurance

Directors and Officers Liability Insurance has been arranged by the Company in conjunction with the Westland District Council.

DIRECTORS REPORT

Donations:

The total amount of donations made by the Group during the year is $11,691

Auditors:
The Auditor-General is appointed as Auditor of the Group under Section 14 of the Public Audit Act 2001 and Section 70 of the Local Government Act 2002. Audit New Zealand has been appointed to provide these services.

Directors' Declaration

In the opinion of the directors of Westland Holdings Limited and Group, the financial statements and notes on pages 5-28

- comply with New Zealand generally accepted accounting practice and give a true and fair view of the financial position of the Company and Group as at 30 June 2018 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 Group 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 Group, 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 behalf of the Board

A G Brantley	C J Rea
Chairperson	Director
Date: 2 November 2018	Date: 2 November 2018

WESTLAND HOLDINGS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

	Note	Group 2018 $000	Group 2017 *$000*
Revenue		28,565	20,536
Cost of Sales	2	19,786	13,825
Gross Profit		8,779	6,711
Other Income	1	1,016	1,024
Administrative Expenses	2	7,079	6,361
Results from operations		2,716	1,374
Interest Received		1	-
Interest Paid		369	373
Net finance costs		368	373
Profit before Income Tax		2,348	1,001
Subvention Payment		250	240
Income tax expense	3	571	219
Profit for the period		**1,527**	542
Other Comprehensive Income			
Gain on Land & Building Revaluation		(897)	-
Deferred Taxation on Revaluation	3	66	-
Total Other Comprehensive Income		(831)	-
Total Comprehensive Income for the Year		**696**	**542**

The accompanying accounting policies and notes form an integral part of the financial statements.

WESTLAND HOLDINGS LIMITED
STATEMENT OF MOVEMENT IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

Group	Note	Share Capital $000	Asset Revaluation Reserve $000	Retained Earnings $000	Total $000
Balance 1 July 2017		8,695	831	3,407	12,933
Profit/(Loss) for the period		-		1,527	1,527
Other Comprehensive Income		-	(831)	-	(831)
Dividends to equity holders	4	-	-	(120)	(120)
Balance 30 June 2018		**8,695**	**-**	**4,814**	**13,509**
Balance 1 July 2016		8,695	831	2,865	12,391
Profit/(Loss) for the period		-	-	542	542
Other Comprehensive Income		-	-	-	-
Dividends to equity holders	4	-	-	-	-
Balance 30 June 2017		**8,695**	**831**	**3,407**	**12,933**

The accompanying accounting policies and notes form an integral part of the financial statements.

WESTLAND HOLDINGS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Note	Group 2018 $000	Group 2017 *$000*
EQUITY			
Share capital	4	8,695	8,695
Retained earnings		4,814	3,407
Asset Revaluations Reserves		-	831
		13,509	**12,933**
represented by:			
CURRENT ASSETS			
Bank Accounts and Cash		235	332
Debtors and other Receivables	5	4,443	3,345
Inventories	7	548	582
Prepayments		10	62
Work in Progress		496	217
Total Current Assests		5,732	4,538
CURRENT LIABILITIES			
Creditors and Other Payables		2,796	2,385
Deferred Income	11	43	43
Subvention payment payable		250	240
Bank Overdraft (secured)	10	328	379
Employee Entitlements	15	856	775
Current Portion of Term Loan	10	1,182	819
Tax Payable		495	16
Total Current Liabilities		5,950	4,657
Working Capital		**(218)**	**(119)**
NON-CURRENT ASSETS			
Property Plant and Equipment	6	17,006	15,872
Investment Property	9	1,382	968
Term Inventory	7	351	350
Intangible Assets	8	575	575
Total Non Current Assets		19,314	17,765
NON-CURRENT LIABILITIES			
Employee Entitlements	15	86	93
Bank Term loans	10	5,325	4,356
Deferred Tax Liability	3	176	264
Total Non Current Liabilities		5,587	4,713
Net Assets		**13,509**	**12,933**

WESTLAND HOLDINGS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

	Note	Group 2018 $000	Group 2017 *$000*
Cash Flows from Operating Activities			
Receipts from customers and other sources		28,015	20,931
Sale of Development Land		-	-
Interest received		1	-
Income tax refunded		1	1
Payments to suppliers and employees		(24,260)	(18,002)
Taxes paid		(114)	(53)
Subvention payments made		(240)	(320)
Term Inventory costs		(1)	(3)
Net GST Movement		(3)	27
Interest paid		(369)	(373)
Net Cash flow from Operating Activities	19	**3,030**	**2,208**
Cash Flows from Investing Activities			
Proceeds from sale of property, plant and equipment		189	471
Purchase of property, plant and equipment		(4,229)	(1,846)
Purchase of investment property		(247)	-
Net Cash flow from Investing Activities		**(4,287)**	**(1,375)**
Cash Flows from Financing Activities			
Proceeds of Loans and Bank Advances		1,839	100
Repayments of Loans		(445)	(1,474)
Repayments of Finance Leases		(63)	-
Dividends Paid		(120)	-
Net Cash flow from Financing Activities		**1,211**	**(1,374)**
Net Increase/(Decrease) in Cash Held		(46)	(541)
Add Opening Bank Balance at 1 July		(47)	494
Closing bank accounts and cash 30 June		**(93)**	**(47)**
Made up of:			
Cash		**235**	332
Bank Overdraft		**(328)**	**(379)**
		(93)	**(47)**

	Performance Target	Outcome
1	Draft Statement of Intent submitted to WDC for approval by 1 March each year	**Not Achieved:** Draft was submitted on 3 April 2018
2	Completed Statement of Intent to be submitted to WDC by 30 June each year	**Achieved:** Final Statement of Intent approved by WDC before end of June 2018
3	At least two progress reports to be made to WDC in the financial year (in addition to reporting on specific issues), with at least one presentation to be made to Councillors. Reports will include financial and non-financial performance	**Not Achieved:** Completion of the restructure of the CCO's and WHL was completed in late 2018. Up to that point financial and non-financial reporting was made by the CE of the WDC and occasionally directly by the CCO's
4	Major matters of urgency are reported to the appropriate Council committee or the CE of the WDC within 3 days	**Achieved: No major matters of urgency.**
5	The Chair will initiate an independent formal evaluation of the WHL directorate bi-annually, the first to be undertaken in the 2013/14 year.	**Not Achieved:** The structure of the WDC CCO's was finalised in late 2018, including restructuring of the Board of WHL. The newly appointed WHL Board assumed office in late June 2018, and the next WHL directorate evaluation will be conducted in late 2019
6	To review the training needs of individual directors, and ensure training is provided where required.	**Not Achieved:** With the WHL directorate newly appointed in late June 2018, there has been insufficient time nor the need to do such a review. A review of WHL directorate training requirements will be undertaken in 2019
7	The process for each appointment to a subsidiary board is transparent and fully documented and reported to WDC.	**Not Achieved:** During the period from late 2016 until appointment of the current WHL Board in late June 2018, appointment of subsidiary boards was undertaken directly by WDC. The process followed has been variable and not clearly documented
8	WHL negotiates with WDC to pay an achievable distribution for the 2017/18 financial year prior to finalising WDC's budget	**Not Achieved:** The planned distributions for the coming year have been determined from the review and approval of the subsidiary company SOI's by the WDC
9	To meet budgeted level of distribution income for the 2017/18 year	**Not Achieved**: WDC budgeted $400k for the year, which included subvention payments. WDC actually received $120k in dividend and accrued for $250k subvention payments
10	That the adopted directors policy be followed for any director appointments	**Not Achieved:** WHL was restructured in late 2018, and before the restructure, WDC appointed all subsidiary directors
11	Draft Statements of Intent to be received from subsidiary companies by 14 February	**Not Achieved:** WDC has managed the process for receipt and approval of subsidiary SOI's covering the period from 1 July 2018 to 30 June 2021. These SOI's will be reviewed by the newly appointed WHL directorate during 2018/2019
12	WHL to respond to draft Statements of Intent by 30 April	**Not Achieved: See Above**
13	WHL to direct subsidiary companies to produce commercially focused Statements of Intent are cognizant of their responsibilities to the social & environmental needs of the communities of Westland	**Not Achieved: See Above**

14	WHL to assess the alignment of Statements of Intent with any specifically notified WDC strategic directive	WDC has managed the process for receipt and approval of subsidiary SOI's covering the period from 1 July 2018 to 30 June 2021. These will be reviewed by the newly appointed WHL directorate during 2018 to determine compliance with this requirement
15	Subsidiary company Statements of Intent to incorporate specific reporting requirements in accordance with legislation & accepted practice	**Not Achieved: As above**
16	All activity reports and formal reporting will be done through Chairman of WHL and the CE of WDC.	**Not Achieved:** For 2017/2018, reporting was managed directly by the CE of WDC. Currently, arrangements are being put in place to meet this Service Performance for 2018/2019
17	Subsidiary company Statement of Intents to incorporate specific statements regarding the processes for the management of risk exposures including reputational risk	**Not Achieved:** The SOI's for the subsidiary companies approved by the WDC contain general statements regarding management of risk, however, there are no specifics about how this risk will be managed nor reported
18	Long Term Investment assessment is carried out by for any new projects. These must be assessed and approved by Council prior to initiating significant projects	**Achieved:** No long-term investments were undertaken by WHL during the past year. Any long-term investments undertaken by the CCO's were reviewed by the WDC

WHL - Westland Holdings Limited
HAL - Hokitika Airport Limited
DWL - Destination Westland Limitied
WDPL - Westland District Property Limited
WDC - Westland District Council

WESTLAND HOLDINGS LIMITED
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 JUNE 2018

REPORTING ENTITY

Westland Holdings Limited is registered under the Companies Act 1993 and is domiciled in New Zealand. Westland Holdings Limited is owned by 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 have been prepared in accordance with the requirements of the Companies Act 1993, and the Local Government Act 2002.
The Group consists of Westland Holdings Limited, Destination Westland Limited, Westroads Limited. All Group companies are incorporated in New Zealand.

BASIS OF PREPARATION

Statement of Compliance

The Company has designated itself as a profit orientated entity for the purposes of New Zealand Equivalent to International Financial Reporting Standards (NZIFRS). The Company is not considered "large" for the purposes of determining the appropriate reporting tier and has consequently opted to report as a Tier 2 entity applying NZ IFRS with Reduced Disclosure Requirements.
The financial statements were approved by the board of directors on 2 November 2018.

Measurement Base

The financial statements have been prepared on a historical cost basis, except for the revaluation of investment properties which are revalued every year.

Functional and presentation currency

These financial statements are presented in New Zealand dollars ($), which is the Group'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 below:

Note 6 - Depreciation and estimated useful lives of property, plant and equipment
Note 7 - Inventory valuation and provision for obsolescence
Note 9 – Investment Property
Note 15 - Employee Entitlements

Going Concern

Due to Destination Westland Limited's financial position and results and additional activities undertaken, in adopting the going concern assumption, Westland Holdings Limited has provided a letter of support, in their capacity as owners, to Destination Westland Limited. Specifically, Westland Holdings will make funds available as required to ensure Destination Westland Limited remain a going concern for the foreseeable future, which will not be less than 12 months.

CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies for the year ended 30 June 2018.

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 and EQUIPMENT

Recognition and measurement

Land and buildings, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

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 Group 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 the 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 for the current and comparative periods are as follows:

	2018	**2017**
buildings	12-50 years	12-50 years
plant and equipment*	2-25 years	2-25 years
office furniture and equipment	2-15 years	2-15 years
runway infrastructure	2-50 years	2 – 50 years

*includes motor vehicles

INVESTMENT PROPERTIES

Properties leased to third parties under operating leases are classified as investment property.

Investment property is measured initially at its cost, including transaction costs. After initial recognition, all investment property is measured at fair value as determined annually by an independent valuer. Gains or losses arising from a change in the fair value of investment property are recognised in the surplus or deficit.

INTANGIBLE ASSETS

Goodwill is allocated to cash generating units for the purposes of impairment testing. The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from the business combination, in which the goodwill arose. Goodwill is assessed for impairment on an annual basis. Any impairment losses are recognised immediately in the profit or loss.

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 metal inventories and work in progress, 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.

Inventories include development properties that are being developed for sale. These properties are measured at the lower of cost and net realisable value and the cost includes 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.

CONSTRUCTION WORK IN PROGRESS

Construction work in progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

Accounts Receivable in relation to construction work in progress is presented as part of trade and other receivables in the balance sheet. If payments received from customers exceed the income recognised, then the difference is presented as deferred income in the balance sheet.

IMPAIRMENT

The carrying amounts of the Group'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 amount of assets and are recognised in the profit or loss.

Impairment of receivables

The recoverable amount of the Group's investments in receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

Impairment losses on an individual basis are determined by an evaluation of the exposures on an instrument by instrument basis. All individual instruments that are considered significant are subject to this approach.

For trade receivables which are not significant on an individual basis, collective impairment is assessed on a portfolio basis based on numbers of days overdue and taking into account the historical loss experience in portfolios with a similar amount of days overdue.

Non-financial assets
The carrying amounts of the Group's non-financial assets, being property, plant and equipment and mining licences, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in the profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

FINANCIAL INSTRUMENTS
The Group categorises its financial assets as loans and receivables , and its financial liabilities as being at amortised cost.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances, call deposits and other short-term highly liquid investments with original maturities of 3 months or less, and bank overdrafts.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. The Company's loans and receivables comprise: cash and cash equivalents, and trade and other receivables.

Loans and receivables 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.

Trade and other receivables
Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

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. This applies to expenditure by the parent which is not registered for GST.

EMPLOYEE BENEFITS

Defined contribution plans

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

Other long-term employee benefits

The Group'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 Group 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 Group 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 Group 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.

LEASED ASSETS

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases. The leased assets are not recognised on the Group's balance sheet.

PROVISIONS

A provision is recognised if, as a result of a past event, the Group 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.

REVENUE

Goods sold

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

Transfers of risks and rewards vary depending on the individual terms of the contract of sale. For sales of materials, transfer usually occurs when the product is dispatched to the customer.

Services
Revenue from services rendered is recognised in the profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

Construction contracts
As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in the profit or loss in proportion to the stage of completion of the contract. Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably.

The stage of completion is assessed by reference to surveys of work performed. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in the profit or loss.

LEASE PAYMENTS
Payments made under operating leases are recognised in the profit or loss on a straight-line basis over the term of the lease.

INCOME TAX EXPENSE
Income tax expense includes components relating to both current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, and any adjustments to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax is measured at tax rates that are expected to apply when the asset is realised, or the liability is settled, based on tax rates that have been enacted or substantively enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.
Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that affects neither accounting profit nor taxable profit.

Current and deferred tax is recognised against the profit or loss for the period, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

CONSOLIDATION

The Company has two (2017: three) 100% owned subsidiary companies that are consolidated in these financial statements

The basis of consolidation: The purchase method is used to prepare the consolidated financial statements, which involves adding together like items of assets, liabilities, equity, income and expenses on a line-by-line basis.

The Company consolidates as subsidiaries in the Group financial statements all entities where the Company has the capacity to control their financing and operating policies so as to obtain benefits from the activities of the entity. This power exists where the Company controls the majority voting power on the governing body, or where such policies have been irreversibly predetermined by the Company, or where the determination of such policies is unable to materially impact the level of potential ownership benefits that arise from the activities of the subsidiary.

The Company measures the cost of a business combination as the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, in exchange for control of the subsidiary plus any costs directly attributable to the business combination.

Any excess of the cost of the business combination over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill. If the Company's interest in the net fair value of the identifiable assets, liabilities, contingencies recognised exceeds the cost of the business combination, the difference will be recognised immediately in the profit or loss.

Investments in subsidiaries are carried at cost in the Company's own "parent entity" financial statements.

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

The amendments to the following standards and interpretations are not expected to have a significant impact on the Company's operations:

NZ IFRS 9: Financial Instruments – Classification and Measurement (effective for the financial year ending 30 June 2019).

NZ IFRS 15: Revenue from Contracts and Customers – Establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers (effective for the financial year ending 30 June 2019)

NZ IFRS 16: Leases (effective for the financial year ending 30 June 2020).

1. Other Income

	Group 2018 $000	Group 2017 $000
Gain on sale of property, plant and equipment	90	223
Lease receipts	754	718
Recoveries	-	68
Supplier Rebates	75	-
Gain in fair value of investment property	97	15
	1,016	1,024

2. Nature of Expenses

	Group 2018 $000	Group 2017 $000
The following items are included in the expenditure of the Group		
Audit fees to Audit NZ comprising audit of financial statements	91	90
Depreciation and amortisation	1,990	1,783
Loss on sale of property, plant and equipment	26	41
Loss in Fair Value of Investment Property	-	-
Directors' Fees	228	209
Donations	12	4
Rental and operating lease costs	496	359
Change in Provision for Doubtful Debts	3	(15)
Bad Debts Written off	23	14
Personnel Expenses		
Wages and Salaries	10,266	8,249
Contributions to defined contribution plans	367	285
Long service leave	7	(7)
Retiring gratuities	2	(1)
	10,642	8,526

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

3. Taxation

	Group 2018 $000	Group 2017 $000
Surplus/(deficit) before taxation	2,348	1,001
Prima facie taxation @ 28%	659	280
Plus (less) taxation effect of permanent differences	(23)	6
Asset Intercompany Elimination	5	5
(Less) Tax Effect of Subvention Payment to WDC	(70)	(72)
Taxation Expense	571	219

Income tax expense is represented by

Current taxation	597	154
Deferred taxation	(26)	65
	571	219

	Group 2018 $000	Group 2017 $000
Deferred taxation asset (liability)		
Opening Balance	(264)	(199)
Movement Recognised in surplus or deficit	22	(65)
Movement Recognised in Prior Period Adjustment	66	-
Balance as at 30 June	(176)	(264)
Deferred tax assets and liabilities are attributable to the following:		
Employee benefit plans (Asset)	13	13
Accruals (Asset)	326	307
Inventory Impairment (Asset)	-	-
Receivables Impairment (Asset)	1	(1)
Property, Plant and Equipment (Liability)	(333)	(424)
Retentions (Liability)	(209)	(164)
Tax Losses Carried Forward (Asset)	26	5
	(176)	(264)

4. Share Capital

At 30 June 2018 the Company has authorised and issued 8,424,792 (2017: 8,424,792) shares which are fully paid. 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.

5. Trade and other receivables

	Group 2018 $000	Group 2017 $000
Trade Debtors - non related	2,610	1,930
Trade Debtors - related parties	920	752
GST Receivable	8	2
Provision for Doubtful Debts	(4)	(1)
Revenue to Come	93	29
Contract Retentions	745	586
Cost Fluctuation Adjustment Accruals	71	47
	4,443	3,345

Trade debtors breakdown per age of debt

	Gross Receivable 2018	Impairment 2018	Gross Receivable 2017	Impairment 2017
Not past due	3,074	-	2,114	-
Past due 0-30 days	264	-	392	-
Past due 31-120 days	100	*2*	49	-
Past due 121-360 days	79	*1*	103	-
Past due more than 1 year	13	*1*	25	*1*
	3,530	4	2,683	1

6. Property, plant and equipment

Group	Land & Buildings	Plant & Equipment	Office Furniture & Equipment	Airport Runway Infrastructure	Under Construction	Total
	$000	$000	$000	$000	$000	$000
Cost or deemed cost						
Balance at 1 July 2016	5,157	18,514	410	2,433	37	26,551
Additions	142	1,736	95	-	-	1,973
Transfer to Land and Buildings	12	-	-	-	(12)	-
Disposals	-	(1,073)	-	-	-	(1,073)
Balance at 30 June 2017	5,311	19,177	505	2,433	25	27,451
						-
Balance at 1 July 2017	5,311	19,177	505	2,433	25	27,451
Additions	107	4,008	45	4	57	4,221
Transfer to Plant and Equipmen	(30)	30	-	-	-	-
Transfer to Investment Property	(70)	-	-	-	-	(70)
Net Revaluation Disposal	(896)	-	-	-	-	(896)
Disposals	-	(396)	-	-	-	(396)
Balance at 30 June 2018	4,422	22,819	550	2,437	82	30,310
						-
Depreciation and impairment losses						-
Balance at 1 July 2016	560	9,244	344	427	-	10,575
Depreciation for the year	121	1,576	42	44	-	1,783
Disposals	-	(779)	-	-	-	(779)
Balance at 30 June 2017	681	10,041	386	471	-	11,579
						-
Balance at 1 July 2017	681	10,041	386	471	-	11,579
Depreciation for the year	125	1,773	48	44	-	1,990
Disposals	-	(265)	-	-	-	(265)
Balance at 30 June 2018	806	11,549	434	515	-	13,304
						-
Carrying Amounts						-
At 1 July 2016	4,597	9,270	66	2,006	37	15,976
At 30 June 2017	4,630	9,136	119	1,962	25	15,872
At 1 July 2017	4,630	9,136	119	1,962	25	15,872
At 30 June 2018	3,616	11,270	116	1,922	82	17,006

Security

At 30 June 2018 properties with a carrying value of $2,914,000 (2017: $3,128,000) are subject to a registered mortgage to secure bank loans.

At 30 June 2018 no plant and equipment are subject to a registered chattel security (2017: $350,000). All plant and equipment are subject to a general registered debenture.

Finance Lease

The net carrying cost of plant held under finance lease is $199,000. Note 10 provides futher information about finance leases

7. Inventory

	Group 2018 $000	Group 2017 $000
Metal Stocks	313	326
Other Supplies	110	133
Racecourse Land for Sale	125	124
	548	583
Provision for Obsolescence	-	-
	548	583

Term Inventory

Term Inventory comprises parts of land held for subdivision and sale purposes $351,000(2017: $350,000). Of this $310,000 (2017: $310,000) was held as tenants in common between Westroads Limited and Destination Westland Limited. This property is being developed and funded by Westroads, with Westroads receiving 75% of any profits and Destination Westland Ltd receiving the other 25%.

8. Intangible Assets

The Group's only intangible assets is Goodwill. Goodwill has been assessed for impairment. No impairment has been recognised in the current year (2017: Nil)

The amortisation and any impairment losses are allocated to cost of sales in the statement of financial performance.

Group	Goodwill $000	Total $000
Cost or deemed cost		
Balance at 1 July 2016	575	575
Additions	-	-
Disposals	-	-
Balance at 30 June 2017	**575**	**575**
Balance at 1 July 2017	575	575
Additions	-	-
Disposals	-	-
Balance at 30 June 2018	**575**	**575**
Depreciation and impairment losses		
Balance at 1 July 2016	-	-
Amortisation for the year	-	-
Impairment Loss	-	-
Disposals	-	-
Balance at 30 June 2017	-	-
Balance at 1 July 2017	-	-
Amortisation for the year	-	-
Impairment Loss	-	-
Disposals	-	-
Balance at 30 June 2018	**-**	**-**
Carrying Amounts		
At 30 June 2018	575	575
At 30 June 2017	575	575

9. Investment property

	Group 2018 $000	Group 2017 $000
Opening Balance 1 July	968	953
Transferred from PPE	70	-
Addition	247	-
Fair value gains/(losses) on valuation	97	15
Balance at 30 June	1,382	968

Investment properties are valued annually effective at 30 June to fair value by David Shaw (MNZIV, MP, NZ Registered Valuer) from Quotable Value. Quotable Value is an experienced valuer, with extensive market knowledge in the types and location of property owned by the group.

10. Loan and Borrowings

	Group 2018 $000	Group 2017 $000
Current Account Overdraft	328	379
Finance Lease	185	-
Bank Term Loan	6,321	5,175
	6,834	5,554
The bank term loans are split as follows:-		
Current Bank Term Loan	1,142	819
Current Finance Lease	39	
Non-current Term Loan	4,684	4,356
Non-current Finance Lease	641	-
	6,506	5,175

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

Group	2018 $000	2017 $000	Interest Repricing due	Maturing
BNZ CARL Loan - TD - Interest Rate 5.2% (LY 5.2%)	1,762	*1,936*	3 Years	2021
BNZ Fixed Term Asset Loan ($1,900K) - Interest Rate 5.55%(LY 5.55%)	1,599	*1,754*	3 Years	2021
BNZ Money Management Loan ($2,500K) - Interest Rate 5.35%(LY 5.35%)	1,277	*609*	Variable	2021
BNZ Grey Assets Loan - Interest Rate 5.40% (LY N/A)	650	-	Variable	2023
Westpac Term Loan - Interest Rate 5.3% (LY: 4.7%)	200	*200*	Variable	2018
Westpac Term Loan - Interest Rate 5.3% (LY: 4.7%)	238	*256*	Variable	2019
Westpac Term Loan - Interest Rate 5.1% (LY: 5.1%)	233	*252*	Variable	2019
Westpac Term Loan - Interest Rate 6.7% (LY 6.45%)	73	*120*	Variable	2019
Westpac Term Loan - Interest Rate N/A (LY: 6.45%)	-	*13*	Variable	2019
Westpac Term Loan - Interest Rate 6.2% (LY: 5.95%)	26	*36*	Variable	2021
Westpac Term Loan - Interest Rate 6.5% (LY: N/A)	22	-	Variable	2020
Westpac Term Loan - Interest Rate 6.09% (LY: N/A)	242	-	5 Years	2022

(Carrying value is not materially different to Face value)

In managing interest rate risks the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the longer-term, however, permanent changes in interest rates will have an impact on profit. At 30 June 2018 it is estimated that a 1% increase in interest rates would decrease the Group's 2018 profit before tax by approximately $27,000 (2017: $13,000.)

The Group has no formal interest rate hedging policy.

Finance Leases

A finance lease transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventally transferred.

At the start of the lease term, finance leases are recognised as assets and liabilities in the statement of finanical position at the lower of fair value of the leased asset or the present value of the minimum lease payments.

The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no reasonable certainty whether the Company will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Critical judgements in applying accounting policies

Determining whether a lease is a finance lease or an operating lease requires judgement as to whether the lease transfers substantially all the risks and rewards of ownership to the Company.

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.

Security and finance lease

Finance lease liabilities are effectively secured, as the rights to the leased asset revert to the lessor in the event of default.

Fair value and finance lease

The fair value of finance leases is $237K (2017 $0). Fair value has been determined using contractual cash flows discounted using a rate based on market borrowing rates at balance date of 4.75% (2017 N/A)

11. Deferred Income

Deferred Income calssified as current consists of customer leases and management fees paid in advance.

12. Contingent Liabilities and Contingent Assets

At 30 June 2018, the Group had the following contingent liabilities:

	Group 2018 $000	Group 2017 $000
Guarantees:		
(a) Performance Bonds in favour of Westland District Council	436	486
(b) Performance Bonds in favour of Grey District Council.	400	235
(c) Mining Bonds	17	17
(d) Performance Bond in favour of NZTA (Transit NZ)	63	63
(e) Performance Bond in favour of Fulton Hogan Ltd	284	-
(f) Performance Bonds in favour of Christchurch City Council	-	260
(g) Performance Bond in favour of General Director of Conservation	165	165

The Group has no contingent assets at 30 June 2018 (2017: the only contengent Asset was in relation to the Haast Hollyford Agreement, which may see initial costs incurred by the Group reimbursed with agreement from other parties)

13. Operating Leases

Operating Leases as Leasee:

The future aggregate miimum lease payments to be paid under non-cancellable operating leases are as follows:

	Group 2018 $000	Group 2017 $000
Commitment within 12 months	51	102
Commitment between 12 months and 5 years	100	126
Commitment greater than 5 years	12	20

Operating Leases as Lessor:

Investment property is leased under operating leases. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:-

	Group 2018 $000	Group 2017 $000
Not later than one year	123	92
Later than one year and not later than five years	219	216
Later than five years	117	127
Total non-cancellable operating leases	459	435

No contingent rents have been recognised during the period.

14. Commitments

Capital Commitments: At 30 June 2018, the Group had capital commitments of $759,000 due within 12 months of balance date (2017: $135,000.)

Other Commitments: Destination Westland Limitied has a contract for painting work on the airport buildings until 2021. The value of the work contracted that has not yet been performed as at 30 June is $8,000 (2017: $11,000).

15. Employee Entitlements

The Group has the following current employee entitlements

	Group 2018 $000	Group 2017 $000
Annual Leave	698	632
Accrued Wages	21	17
Time In Lieu	15	14
Long Service Leave	35	32
Sick Leave	30	25
Retirement Gratuities	57	56
	856	776

The Group has the following non current employee entitlements

	Group 2018 $000	Group 2017 $000
Retirement Gratuities	19	19
Long Service Leave	67	74
	86	93

16. Post Balance Date Events

The Directors are not aware of any events subsequent to balance date that require adjustment in these finanical statements.

17. Transactions with Related Parties

These transactions were entered into in the ordinary course of the group'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	Group Transaction Amount $000	Group Balance at 30 June $000
		1 July 2017 to 30 June 2018		
WDC	Westland District Council	Payment - Rentals, Rates and On charges	247	273
WDC	Westland District Council	Payment - Licenses and Levies	7	-
WDC	Westland District Council	Sales	11,146	916
WDC	Westland District Council	Sales - Land Commission	11	-
WDC	Westland District Council	Sales - Recoveries	61	4
WDC	Westland District Council	Subvention Payment	250	250
P M Cuff	Cuffs Limitied	Purchase - accounting services	49	12
P M Cuff	Beachfront Hotel Limitied	Purchase - entertainment	2	-
D M J Havill	Aratuna Freighters Limitied	Purchase - fuel, freight and other	848	92
D M J Havill	Aratuna Freighters Limitied	Sale - plant hire and material sales	4	1
		1 July 2016 to 30 June 2017		
WDC	Westland District Council	Payment - Rentals, Rates and On charges	237	240
WDC	Westland District Council	Sales	6,472	691
WDC	Westland District Council	Subvention Payment	240	240
P M Cuff	Cuffs Limitied	Purchase - accounting services	49	-
P M Cuff	Beachfront Hotel Limitied	Purchase - entertainment	3	-
G P King & P	Renton Chainsaws & Mowers	Purchase - Materials	1	-
D M J Havill	Aratuna Freighters Limitied	Purchase - fuel, freight and other	488	48
D M J Havill	Aratuna Freighters Limitied	Sale - plant hire and material sales	7	-

No related party debts have been written off or forgiven during the year.

The actual subvention payments may differ from the amounts accrued due to finalisation of financial results. Actual amounts paid in 2018 was $240,000 with $250,000 to be paid at balance date. (2017: $320,000, $240,000)

Westland Holdings (Parent): Westroads has a subvention payment agreement with Westland Holdings (Parent) for $50,000, with $50,000 to be paid at balance date. (2017: $150,000, $150,000)

Key management personnel disclosure

Key management personnel are deemed to be the directors of Westland Holdings Limitied

	Group 2018 $000	Group 2017 $000
Key management personnel compensation comprised		
Short-term employee benefits	26	34
Termination benefits	-	-
	26	34

There are no loans to or from key management personnel.

18. Financial Instruments

The accounting policy for financial instruments has been applied to the items below:

	Group 2018 $000	Group 2017 $000
Loans and receivables		
Bank Accounts and Cash	235	332
Bank Overdraft (secured)	(328)	(379)
Debtors and other Receivables	4,443	3,345
Financial Liabilities at amortised cost		
Creditors and Other Payables	2,796	2,385
Loans	6,321	5,175
Finance Lease	185	-

The amounts reported above represent the Group's maximum credit exposure for each class of financial instrument. The anticipated contractual cash flows of the financial instruments are not expected to be materially different to the values shown above, and are all anticipated to occur within twelve months of the balance date, except for loans, which are analysed in Note 10.

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

The Group 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 Group 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 Group to fair value interest rate risk. The Group has 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 Group has most borrowings at variable rates. Accordingly, there is an interest rate risk at present (refer note 10.) 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 Group 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 Group to incur a loss.

Financial instruments which potentially subject the Group to risk consist principally of cash and trade receivables. The Group invests in high credit quality financial institutions and limits the amount of credit exposure to any one financial institution. Accordingly, the Group does not require any collateral or security to support financial instruments with organisations it deals with.

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 Group's revenue. However, both councils are considered high credit quality entities.

Fair Values

The estimated fair values of the financial instruments are as stated in the Statement of Financial Position.

Liquidity Risk

Liquidity risk represents the Company's and Group's ability to meet it's contractual obligation. The Group evaluates its liquidity requirements on an ongoing basis. In future, the Group will generate sufficient cash flows from its operating activities to meet its obligations arising from its finanical liabilities.

19. Reconciliation of Net Surplus after Taxation with Cashflows from Operating Activities

	Group 2018 $000	Group 2017 $000
Net surplus after taxation	1,527	542
Add/(less) non cash items:		
Depreciation and amortisation	1,990	1,783
Increase (decrease) in provision for doubtful debts	3	(8)
Increase/(decrease) in deferred tax liability		
Increase/(decrease) in deferred tax liability	(27)	65
Increase/(decrease) in Employee Entitlements	(7)	(76)
Fair value (gain)/loss in investment properties	(97)	(15)
Total Non-Cash Items	1,862	1,749
Add/(less) items classified as investment and financing activities:		
Net loss/(gain) on sale of fixed assets	(63)	(182)
Capital accounts payable	26	(123)
Total Investing & Financing Activity Items	(37)	(305)
Add/(less) movements in working capital items:		
Increase/(decrease) in accounts payable and accruals	326	612
Increase/(decrease) in employee entitlements (current)	81	(60)
Increase/(decrease) in income received in advance	2	(1)
Increase/(decrease) in provision for taxation	468	112
Increase/(decrease) in Subvention payment payable	10	(80)
(Increase)/decrease in receivables and prepayments	(975)	(381)
(Increase)/decrease in tax refund due	11	(11)
(Increase)/decrease in inventory	35	84
(increase)/decrease in term inventory	(1)	(3)
(Increase)/decrease in work in progress	(279)	(50)
Working Capital Movement - Net	(322)	222
Net Cash Inflows from Operating Activities	**3,030**	**2,208**

20. Segmental Information

	Group Revenue $000	Group Surplus/ Deficit $000
Year ended 30 June 2018		
Roading and Infrastructural maintenance contracts	27,658	2,485
Airport Operation and Property Management	1,924	(90)
Holding Company	-	(47)
	29,582	2,348

	Group Revenue $000	Group Surplus/ Deficit $000
Year ended 30 June 2017		
Roading and Infrastructural maintenance contracts	19,868	994
Airport Operation	676	66
Property	1,017	24
Holding Company	-	(83)
	21,561	1,001

Revenue includes interest received and other income.

21. Construction Contracts

	Group 2018 $000	Group 2017 $000
Contract costs incurred	10,007	5,270
Recognised profits/losses	2,632	1,071
	12,639	6,341
Progress billings	12,353	6,263
Gross amounts receivable from Customers	286	78
Retentions receivable in respect of construction contracts	745	311

In identifying construction contracts, the Group has only included contracts of $1,000 or more. Construction contracts include laying waterlines, constructing roads and footpaths, and constructing section pads.

22. Capital Management

The Group's capital includes share capital and retained earnings.

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Group recognises the need to maintain a balance between higher returns that may be possible through greater gearing and advantages and security afforded by a sound capital position.

The Group has a policy of shareholders funds being in the ratio of 40-100% of total assets.