WESTLAND HOLDINGS LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2023

DIRECTORY

Directors:	Chairperson:	Joanne M Conroy
	Director:	Christopher J Rea
	Director:	Christopher G Gourley

Registered Office:

Westland District Council

36 Weld Street, Hokitika

Phone 03 756 9010

Fax 03 756 9045

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

Bankers: Westpac Bank, Revell Street, Hokitika

Solicitors: Parry Field, PO Box 44, Hokitika

DIRECTORS REPORT

The Directors present the Annual Report of Westland Holdings Limited for the year ended 30 June 2023. 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 2023	**$000**
Net Surplus(Deficit) before Taxation	543
Subvention Payment	(200)
Income Tax	(75)
Net Surplus(Deficit) after Taxation	268
Gain on Land & Building Revaluation	9,231
Deferred Tax on Revaluation	(2,374)
Net Surplus (Deficit) after Taxation and Total Comprehensive Income for the Year	7,125

Movements in Equity	
Equity (opening balance)	20,254
Surplus after Taxation	268
Other Comprehensive Income	6,857
Distributions to owners	(300)
Equity (closing balance)	27,079

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.

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:

	$
J M Conroy	35,000
C G Gourley	25,000
C J Rea	25,000
Total Remuneration	85,000

Remuneration and other benefits paid or due to directors on behalf of the Group for the subsidiaries for services as a director during the year totalled $305,277. 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.

DIRECTORS REPORT

Director Appointment and Retirement

J M Conroy retired from Destination Westland on 31 January 23 and P DeGoldi was appointed to Destination Westland on 1 November 2022

Remuneration of Employees

Within the Group there were twenty-six employees whose remuneration and benefits package was over $100,000. The total remuneration of these twenty-six employees totalled $3.6m broken into the following bands:

Salary Range		Employees	Westroads Ltd	Destination Westland Ltd
100,000	110,000	6	6	
110,000	120,000	5	5	
120,000	130,000	4	3	1
130,000	140,000	2	2	
140,000	150,000	1	1	
150,000	160,000	3	3	
170,000	180,000	2	1	1
190,000	200,000	2	2	
300,000	310,000	1	1	
		26	24	2

Indemnity and Insurance

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

Donations:

The total amount of donations made by the Group during the year is $26,223 (2022 $4,947)

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. Ernst & Young 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 5-41

- 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 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 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

J M Conroy
Chairperson
Date: 25/10/2023

C J Rea
Director
Date: 25/10/23

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

	Note	Group 2023 $000	Group 2022 *$000*
Revenue	1	32,137	29,471
Cost of Sales	3	(21,970)	(19,567)
Gross Profit		10,167	9,904
Other Income	2	2,542	3,260
Administrative Expenses	3	(11,726)	(10,854)
Results from operations		983	2,310
Interest Received		8	4
Interest Paid	4	(448)	(379)
Net finance costs		(440)	(375)
Profit before Income Tax		543	1,935
Subvention Payment		(200)	(100)
Income tax expense	5	(75)	(285)
Profit for the period		**268**	1,550
Attributable to:			
Equity Holders of the parent		**268**	1,550
		268	**1,550**
Other Comprehensive Income			
Gain on Land & Building Revaluation		9,231	-
Deferred Taxation on Revaluation	5	(2,374)	-
Total Other Comprehensive Income		6,857	-
Total Comprehensive Income for the Year		**7,125**	**1,550**
Attributable to:			
Equity holders of the parent		7,125	**1,550**
		7,125	**1,550**

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 2023

Group	Note	Share Capital $000	Asset Revaluation Reserve $000	Retained Earnings $000	Total $000
Balance 1 July 2022		12,480	-	7,774	20,254
Profit/(Loss) for the period		-	-	268	268
Other Comprehensive Income		-	6,857	-	6,857
Issue of Shares	6			-	-
Dividends to equity holders		-	-	(300)	(300)
Balance 30 June 2023	6	**12,480**	**6,857**	**7,742**	**27,079**

Balance 1 July 2021		8,695	-	6,224	14,919
Profit/(Loss) for the period		-	-	1,550	1,550
Other Comprehensive Income		-	-	-	-
Issue of Shares		3,785		-	3,785
Dividends to equity holders		-	-	-	-
Balance 30 June 2022	6	**12,480**	**-**	**7,774**	**20,254**

WESTLAND HOLDINGS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Note	Group 2023 $000	Group 2022 *$000*
EQUITY			
Share capital	6	12,480	12,480
Retained earnings		7,742	7,774
Asset Revaluations Reserves		6,857	-
		27,079	**20,254**
represented by:			
CURRENT ASSETS			
Bank Accounts and Cash		1,682	915
LGFA Borrower Notes		77	-
Debtors and other Receivables	7	3,147	2,900
Inventories	8	1,021	941
Prepayments		43	69
Work in Progress		11	63
Contract Assets	9	1,473	1,461
Total Current Assests		7,454	6,349
CURRENT LIABILITIES			
Creditors and Other Payables		2,553	2,549
Contract Liabilities	9	212	349
Deferred Income	13	186	154
Subvention payment payable		200	100
Bank Overdraft (secured)	15	5	3
Employee Entitlements	18	1,236	1,305
Current Portion of Lease Liabilities	16	126	158
Current Portion of Term Loan	15	2,642	2,013
Tax Payable		231	193
Total Current Liabilities		7,391	6,824
Working Capital (Deficit)		**63**	**(475)**
NON-CURRENT ASSETS			
Property Plant and Equipment	10	32,720	22,194
Investment Property	12	1,105	1,125
Right of Use Assets	16	618	719
LGFA Borrower Notes		58	
Intangible Assets	11	424	424
Total Non Current Assets		34,925	24,462
NON-CURRENT LIABILITIES			
Employee Entitlements	18	134	109
Bank Term loans	15	4,638	2,626
Lease Term Liability	16	559	637
Deferred Tax Liability	5	2578	361
Total Non Current Liabilities		7,909	3,733
Net Assets		**27,079**	**20,254**

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

WESTLAND HOLDINGS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

	Note	Group 2023 $000	Group 2022 *$000*
Cash Flows from Operating Activities			
Receipts from customers and other sources		34,074	32,650
Payments to suppliers and employees		(31,217)	(28,075)
Taxes paid		(192)	(1)
Subvention payments made		(100)	-
Interest paid		(444)	(414)
Net Cash flow from/(to) Operating Activities	22	**2,121**	**4,160**
Cash Flows from Investing Activities			
Proceeds from sale of property, plant and equipment		935	672
Purchase of property, plant and equipment		(4,328)	(2,257)
Net Cash flow from/(to) Investing Activities		**(3,393)**	**(1,585)**
Cash Flows from Financing Activities			
Proceeds of Loans and Bank Advances		5,871	20
Repayments of Loans		(3,230)	(2,291)
Payment of Lease Liabilities		(169)	(145)
LGFA Deposits made		(135)	-
Dividends Paid		(300)	-
Net Cash flow from/(to) Financing Activities		**2,037**	**(2,416)**
Net Increase/(Decrease) in Cash Held		765	159
Add Opening Bank Balance at 1 July		912	753
Closing bank accounts and cash 30 June		**1,677**	**912**
Made up of:			
Cash		**1,682**	**915**
Bank Overdraft		**(5)**	**(3)**
		1,677	**912**

PERFORMANCE TARGETS

The following performance targets have been set for the 2022/2023 financial year, and the two years following:

Relationship with WDC/Other Governance Issues

	Objective	Performance Target
1	To ensure that the financial targets and strategic direction of WHL are in line with WHL's strategic plan, which is developed in conjunction with WDC	A draft SOI for WHL will be submitted for approval to WDC by 1 March each year. Achieved - Draft SOI provided to WDC on 17 February 2023. A completed SOI will be submitted to WDC by 30 June each year. Achieved - Final SOI provided to Council on 14 June 2023.
2	To ensure that WDC is kept informed of all significant matters relating to its subsidiaries on a "no surprises" basis	Regular reporting of performance to the Economic Development Committee of the WDC will be done on a six-monthly basis, with quarterly reports provided to council and full council updates for the six monthly results and Annual Plan. Presentations to Council: November 2022 February 2023 June 2023 Full year and half year reporting to WDC will be provided within 60 days after 31 December and 30 June of each year. February 2023 Council preferred to wait for audited results, so year end not presented until November 2023. Major matters of urgency are reported to the appropriate Council

		Committee or the Chief Executive of WDC within three days. No matters of urgency during the year.
3	To ensure that WHL directors add value to the Company and that their conduct is according to generally accepted standards.	The Chair will initiate an independent formal evaluation of the WHL directorate every 2 years. The next such review will be undertaken in the 2024-2025 year. Achieved - 360 survey completed. The Company will review the training needs of individual WHL directors, and ensure training is provided, where required. Completed.
4	WHL's process for the selection and appointment of directors to the boards of subsidiaries is rigorous and impartial.	The process followed for each appointment to a subsidiary board is transparent, fully documented and reported to WDC. Any appointments will be made in accordance with the WDC's Policy for Director Appointments. Achieved - One appointment made to Destination Westland Limited in accordance with WDC's Policy.
5	Begin appointment of independent Directors to the Board of Destination Westland as funds allow.	Gradually replace the Director on the DWL Board with as time, funds and good succession planning allows. Achieved - Director J M Conroy replaced by Director P de Goldi in January 2023.

Financial Objectives and Performance Measures

	Objective	Performance Target
6	To ensure that WHL returns a dividend to WDC in accordance with WDC's budgets and meets other financial targets.	WHL agrees with WDC on an achievable distribution each year as part of the SOI process. For the 2023/24 financial year a dividend of $270k was budgeted and the actual dividend was $300k.
7	Gross Revenue: Combined revenue for the 22-23 year	Equal to or greater than $33 million. Revenue was $32.1m for the year.
8	Net Profit before tax: Combined net profit for the 22-23 year	Equal to or greater than $1 million. Pre-tax Profit was $543k for the year.
9	Return on Shareholder Funds for each of the three years.	At least 8% Pre-tax return on shareholder funds was 2.6% for the year.
10	Return on total assets	At least 6.5% Pre-tax Return on Average total assets was 1.5%.

Specific Subsidiary Management and Supervisory Functions

	Objective	Performance Target
11	To ensure that WHL's procedure for appointment to subsidiary directorates are open and in accordance with written policy.	That the adopted WDC Directors Policy be followed for any director appointments made. Achieved - One appointment made in accordance with the policy.
12	To ensure that the draft subsidiary company SOI's are received on a timely basis for review and comment.	Draft SOI's are to be received by 14 February from the subsidiary companies, and finalised by 1 June for each year covered by this SOI. Draft SOI received from DWL on 13 February 2023 and from Westroads on 8 February 2023.

		Final SOI received from Westroads on 6 June 2023 and from Destination Westland on 28 April 2023.
13	To ensure that the final subsidiary company SOI’s are appropriate, measurable, attainable and timely and Connected to their strategic plan.	Comment on the draft SOI’s within the statutory timeframe of 30 April each year, and ensure specific and measurable targets are included as Performance Objectives. Achieved - Feedback provided to subsidiary companies on 28 April 2023. WHL will direct the subsidiary companies to produce commercially focused SOI’s that are consistent with their strategic plan and aligned to WDC’s strategic direction. Achieved – Companies provided suitable SOI’s.
14	To ensure that the subsidiary company reporting is relevant and timely.	Subsidiary company SOI’s will incorporate specific reporting requirements in accordance with legislation and accepted practice. Completed. Subsidiary companies will also be required to provide Monthly Management reports followed by quarterly briefings to WHL in sufficient detail to allow WHL to fulfill its reporting obligations to the WDC. Completed. All activity reports and formal reporting will be done through the Chairperson of WHL and the Chief Executive of WDC. Completed.

Risk Management Processes

	Objective	Performance Target
15	To ensure that there are adequate processes for the identification, assessment and management of the risk exposures of the subsidiary companies.	Subsidiary company SOI's will incorporate specific statements regarding the processes for the management of risk exposures, including health and safety and reputational risk, all companies will also maintain an up to date risk register. Achieved – Subsidiary Companies have provided up to date risk registers.
16	Ensure that subsidiary companies do not make decisions that could have significant implications for future Council funding.	Long term investment assessment is carried out for any new projects of a size and nature that requires WHL approval. Significant projects and their sources of funding must also be assessed and approved by Council prior to initiating the projects. No material new projects initiated in the period

Westroads Key Results 30 June 2023

Low margins from our Canterbury division and a loss from the screening and crushing operation impacted our ability to meet budget for the year

$31.0M

GROSS REVENUE

Gross revenue from customers landed on $31.0m against a budget of $31.8m

$846K

PRE-TAX PROFIT

A pre-tax profit for the year of $846k against a budget of $1.3m

7.5%

RETURN ON SHAREHOLDER FUNDS

7.5% p.a. against a KPI of >10%

Westroads Key Results 30 June 2023

Westroads focus around it's qualitative measures has been strong, by industry standards they have performed well, with a strong ongoing focus.

No Breaches

COMPLIANCE

Compliance with statutory and regulatory obligations has been achieved with no breaches

0.1%

LOST DAYS TO INJURY

Lost days to injury as a percentage of all days worked, was 0.1% against our focus of 0% and a .3% result last year. This is an ongoing focus, the result is never satisfying unless it is zero.

Destination Westland Key Results 30 June 2023

It has been a challenging year financialy but we have been able to manage through well. We have completed and rented a pensioner housing project, absorbed inflationary pressure and ended in a good cashflow position.

3.077m

GROSS REVENUE

Last financial year 2.513m

(0.045)M

NET PROFIT BEFORE TAX

Last financial year 0.788m

-0.8%

RETURN ON SHAREHOLDER FUNDS

Last financial year 1.1%

Destination Westland Key Results 30 June 2023

We have worked hard to achieve our qualitative results and it is pleasing to see our results here setting a good platform for the coming financial year

5000+

WILDFOODS

Attendance to exceed 5000 people

98%

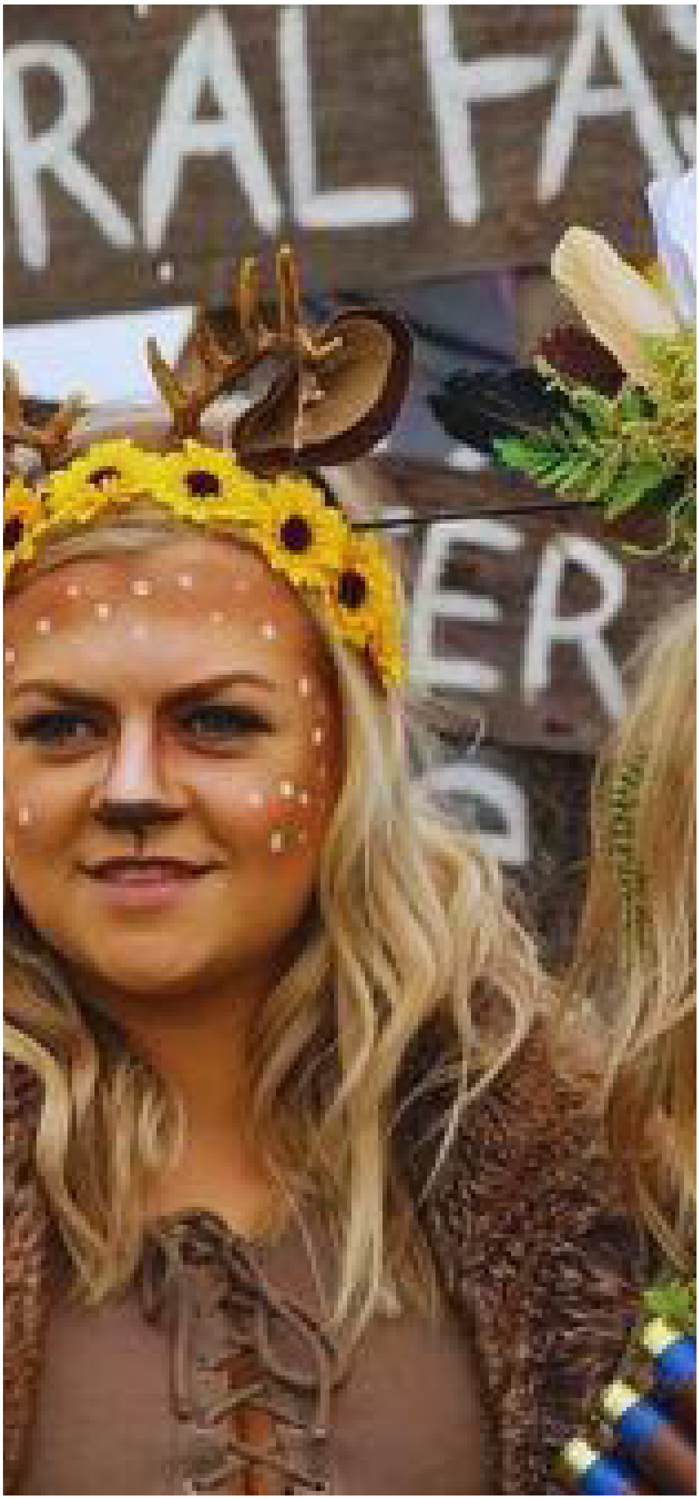
TENANT SATISFACTION

Tenant satisfaction with the provision of the companies aged care rental housing achieved 98% against a target of 95%

NIL

AVIATION

Annual CAA Findings



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

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 Group 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 and Group has designated itself as a profit orientated entity for the purposes of New Zealand Equivalent to International Financial Reporting Standards (NZIFRS). The Financial Statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP") and Tier 1 for-profit entity Accounting Standards. They comply with New Zealand equivalents to the International Financial Reporting Standards and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities.

The financial statements were approved by the board of directors on 25 October 2023.

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 1 – Revenue from contracts with customers
Note 2 – Other Income
Note 10 – Depreciation and estimated useful lives of property, plant and equipment
Note 16 – Right of use asset and lease liabilities

CHANGES IN ACCOUNTING POLICIES

The only change to the accounting policies for the year to 30 June 2023, is that the Group has decided to revalue all land and buildings in line with the Westland District Council policy of revaluing every three years. All other accounting policies have been consistently applied throughout the period covered by these Financial Statements.

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

With the exception of land and buildings and airport infrastructure, 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:

	2023	**2022**
buildings	3 - 50 years	3 - 50 years
plant and equipment*	1 - 25 years	1 - 25 years
office furniture and equipment	2 - 7.5 years	2 – 7.5 years
runway infrastructure	10 - 50 years	10 - 50 years

*includes motor vehicles

Revaluation

From the year ended 30 June 2023 land & buildings and airport infrastructure are revalued every three years. All other asset classes are carried at depreciated historical cost.

The net revaluation results are credited or debited to other comprehensive income and are accumulated to the asset revaluation reserve in equity.

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.

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 Group 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 Group'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 group are not expecting any credit losses.

Impairment of Contract assets and Contract liabilities

Contract assets and contract liabilities were previously included within "trade and other receivables" and "trade and other payables" and disclosed separately as Work in Progress. Under IFRS15 these items are now combined and renamed as Contract assets

They arise from contracts enter 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

Impairment of Goodwill
The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the determination of a discount rate in order to calculate the present value of the cash flows

FINANCIAL INSTRUMENTS
The Group 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 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 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.

LEASED ASSETS

Leases in terms of which the Company 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 Company'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.

FAIR VALUE

The Group 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.

THE GROUP AS A LESSEE
The Group assesses whether a contract is or contains a lease at inception of the contract. The Group recognises a ROU asset 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 Group recognises the lease payments as an other operating expense on a straight-line basis over the term of the lease. Lease liabilities 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 Group 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 Group 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 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 Group 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 Group 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.

CONTRACT ASSETS

Contract assets primarily relate to the Group'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 Group 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 Group's obligation to transfer goods or services to a customer for which the Group 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 Groups 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.

CONSOLIDATION

The Company has two 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.

1. Revenue from Contracts with Customers

	Group 2023 $000	Group 2022 $000
Over Time		
Maintenance contracts	16,246	14,444
Construction contracts	11,393	11,428
Management contracts	745	694
Other contracts	2,007	1,410
At a point in time		
Sales of goods and services - metal	1,393	1,290
Sales of goods and services - other	353	205
	32,137	29,471

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 Group 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 Group operates its construction contracts is predominantly derived from projects containing one performance obligation. There are numerous milestone 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. The transaction price is based on contract value.

(iii) Management Contracts
These are service contracts where typically the customer consumes and receives benefits of the service as it is provided. As such, service revenue is recognised over time as the services are provided.

(iv) 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. The transaction price is based on the agreed sales price.
v) 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 overtime. Under these performance obligations, customers either simultaneously receive and consume the benefits as the Group performs them.

vi) Variable Consideration
The Group has not incurred any claim for liquidated damages during the financial year.

vii) 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
i)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.

ii)Modifications
When a contract modification exists and the Group 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

iii)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 the 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 contract is reached.

2. Other Income

	Group 2023 $000	Group 2022 $000
Gain on sale of property, plant and equipment	426	618
Lease receipts	980	914
Gain on sale of term inventory	-	118
Services to customers	941	415
Recoveries	45	27
Impairment reversals	-	-
Change in fair value of investment properties	-	115
Supplier Rebates	24	74
Grants	104	763
Government Covid Wage Subsidy	22	216
	2,542	3,260

3. Nature of Expenses

	Group 2023 $000	Group 2022 $000
The following items are included in the expenditure of the Group		
Audit fees to Ernst & Young comprising audit of financial statements	171	129
Depreciation and amortisation	2,645	2,527
Depreciation & Amortisation - Leases	160	155
Loss on sale of property, plant and equipment	53	174
Directors' Fees	306	290
Donations	29	5
Bad Debts Written off	4	19
Change in Provision for Doubtful Debts	3	-
Rental and operating lease costs	-	245
Personnel Expenses		
Wages and Salaries	11,615	10,941
Contributions to defined contribution plans	493	458
Long service leave	31	(33)
Retiring gratuities	4	77
	12,143	11,443

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

4. Finance Expenses

	Group 2023 $000	Group 2022 $000
Interest Expense on Lease Liabilities	34	36
Other Finance Costs	554	343
	588	379

5. Taxation

	Group 2023 $000	Group 2022 $000
Surplus before taxation	543	1,935
Prima facie taxation @ 28%	152	542
Plus (less) taxation effect of permanent differences	(21)	(229)
(Less) Tax Effect of Subvention Payment to WDC	(56)	(28)
Taxation Expense	75	285
Income tax expense is represented by		
Current taxation	232	193
Deferred taxation	(157)	92
	75	285

	Group 2023 $000	Group 2022 $000
Deferred taxation asset (liability)		
Opening Balance	(361)	(269)
Movement Recognised in surplus or deficit	157	(92)
Movement Recognised in Other Comprehensive Income	(2,374)	-
Balance as at 30 June	(2,578)	(361)
Deferred tax assets and liabilities are attributable to the following:		
Employee benefit plans (Asset)	9	8
Accruals (Asset)	260	255
Receivables Impairment (Asset)	6	5
Property, Plant and Equipment (Liability)	(2,614)	(383)
Retentions (Liability)	(268)	(255)
Tax Losses Carried Forward (Asset)	29	9
	(2,578)	(361)

6. Share Capital

At 30 June 2023 the Company has authorised and issued 12,424,792 (2022: 12,424,792) 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.

7. Trade and other receivables

	Group 2023 $000	Group 2022 $000
Trade Debtors - non related	2,007	1,931
Trade Debtors - related parties	997	804
GST Receivable	-	-
Contra accounts	9	8
Provision for Doubtful Debts	(20)	(17)
Revenue to Come	-	-
Cost Fluctuation Adjustment Accruals	151	174
	3,144	2,900

Trade debtors breakdown per age of debt

	Gross Receivable 2023	Impairment 2023	Gross Receivable 2022	Impairment 2022
Not past due	2,896	2	2,338	1
Past due 0-30 days	52	1	330	1
Past due 31-120 days	27	2	37	3
Past due 121-360 days	17	9	21	6
Past due more than 1 year	12	6	9	6
	3,004	20	2,735	17

8. Inventory

	Group 2023 $000	Group 2022 $000
Metal Stocks	908	804
Other Supplies	113	137
	1,021	941
Provision for Obsolescence	-	-
	1,021	941

9. Contract Assets and Liabilities

Contract Assets

Contract assets primarily relate to the group’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 Group 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:

	Group 2023 $000	Group 2022 $000
Maintenance contracts	200	228
Construction Contracts	1,209	1,181
Other Contracts	64	52
Total current contract assets	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 Group 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 a single contract having 10% retentions over the entire contract. Further the type of contracts still in Work in Progress at year end were more Construction than Maintenance.

Contract Liabilities

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 Group’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.

	Group 2023 $000	Group 2022 $000
Maintenance contracts	10	50
Construction Contracts	199	298
Other Contracts	3	1
Total current 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.

10. 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 fair value/valuation						
Balance at 1 July 2021	5,318	26,975	713	2,509	1,032	36,547
Additions	4,031	1,196	13	-	812	6,052
Transfer to Land and Buildings	1,691	-	-	-	(1,691)	-
Disposals	(118)	(2,217)	(49)	-	-	(2,384)
Balance at 30 June 2022	10,922	25,954	677	2,509	153	40,215
Balance at 1 July 2022	10,922	25,954	677	2,509	153	40,215
Additions	20	2,715	80	-	1,640	4,455
Net Revaluation Gain/Loss	5,426	-	-	3,805	-	9,231
Disposals	(57)	(1,779)	(7)	-	-	(1,843)
Balance at 30 June 2023	16,311	26,890	750	6,314	1,793	52,058
Depreciation and impairment losses						
Balance at 1 July 2021	1,299	14,815	574	639		17,327
Depreciation for the year	204	2,212	71	40		2,527
Disposals	(42)	(1,742)	(49)			(1,833)
Balance at 30 June 2022	1,461	15,285	596	679	-	18,021
Balance at 1 July 2022	1,461	15,285	596	679		18,021
Depreciation for the year	256	2,268	87	34		2,645
Disposals	(23)	(1,305)				(1,328)
Balance at 30 June 2023	1,694	16,248	683	713	-	19,338
Carrying Amounts						
At 1 July 2021	4,019	12,160	139	1,870	1,032	19,220
At 30 June 2022	9,461	10,669	81	1,830	153	22,194
At 1 July 2022	9,461	10,669	81	1,830	153	22,194
At 30 June 2023	14,617	10,642	67	5,601	1,793	32,720

Security

At 30 June 2023 properties with a carrying value of $10,907,000 (2022: $4,004,000) are subject to a registered mortgage to secure bank loans.

At 30 June 2023 no plant and equipment are subject to a registered chattel security (2022: $Nil). All plant and equipment are subject to a general registered debenture.

Finance Lease

The net carrying cost of property, plant and equipment held under finance lease is Nil. (2022 $15,000) Note 15 provides further information about finance leases.

Revaluation

The Groups land, buildings and runway assets are independently valued by registered valuers, Coast Valuations Ltd. Fair value is determined on either a market based value, where comparable sales values are available, or where they are not available, on a depreciated cost basis. Destination Westland Ltd revalued in the year to 30 June 2023 and Westroads Ltd last revalued in the year to 30 June 2021.

11. Intangible Assets

The Groups only intangible asset is Goodwill on the acquisition of its subsidiary companies. Goodwill was assessed for impairment and no impairment was required for 2023 (2022: $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 2021	575	575
Additions	-	-
Disposals	-	-
Balance at 30 June 2022	**575**	**575**
Balance at 1 July 2022	575	575
Additions	-	-
Disposals	-	-
Balance at 30 June 2023	**575**	**575**
Depreciation and impairment losses		
Balance at 1 July 2021	151	151
Amortisation for the year	-	-
Impairment Loss	-	-
Disposals	-	-
Balance at 30 June 2022	151	151
Balance at 1 July 2022	151	151
Amortisation for the year	-	-
Impairment Loss	-	-
Disposals	-	-
Balance at 30 June 2023	**151**	**151**
Carrying Amounts		
At 30 June 2022	424	424
At 30 June 2023	424	424

12. Investment property

	Group 2023 $000	Group 2022 $000
Opening Balance 1 July	1,125	1,010
Additions	-	-
Disposals	-	-
Gain (loss) on disposals	-	-
Fair value gains/(losses) on valuation	(20)	115
Balance at 30 June	1,105	1,125

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.

13. Deferred Income

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

$186,000 (2022 : $154,000).

14. Contingent Liabilities and Contingent Assets

At 30 June 2023, the Group had the following contingent liabilities:

	Group 2023 $000	Group 2022 $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	17	17
(d) Performance Bond in favour of Fulton Hogan Ltd	127	250
(e) Performance Bonds in favour of Christchurch City Council	625	813
(f) Performance Bond in favour of General Director of Conservation	165	165
(g) Performance Bond in favour of Waimakariri District Council	-	34
	2,360	2,669

The Group has no contingent assets at 30 June 2023 (2022 : Nil).

15. Loans and Borrowings

	Group 2023 $000	Group 2022 $000
Current Account Overdraft	5	3
LGFA Term Loans	7,000	-
Bank Term Loans	280	4,639
	7,285	4,642
The term loans is split as follows:-		
Current Term Loans	2,642	2,013
Non-current Term Loans	4,638	2,626
	7,280	4,639

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

Group	2023 $000	2022 $000	Interest Repricing due	Maturing
BNZ CARL Loan - Interest Rate N/A	-	962	N/A	Matured
BNZ Fixed Term Asset Loan - Interest Rate N/A	-	887	N/A	Matured
BNZ Money Management Loan ($3,344k) - Interest Rate 9.02%	280	-	Variable	2024
BNZ Grey Assets Loan - Interest Rate N/A	-	438	N/A	Matured
BNZ Grey Assets Loan - Interest Rate N/A	-	241	N/A	Matured
BNZ Hoki Assets Loan - Interest Rate N/A	-	702	N/A	Matured
Westpac Term Loan - Interest Rate N/A	-	197	N/A	Matured
Westpac Term Loan - Interest Rate N/A	-	60	N/A	Matured
Westpac Term Loan - Interest Rate N/A	-	724	N/A	Matured
Westpac Term Loan - Interest Rate N/A	-	428	N/A	Matured
LGFA Loan - Interest Rate 5.41%	1,500	-	2 years	2025
LGFA Loan - Interest Rate 5.71%	1,500	-	1 year	2024
LGFA Loan - Interest Rate 5.28%	1,000	-	3 months	2023
LGFA Loan - Interest Rate 5.65%	1,600	-	2 years	2025
LGFA Loan - Interest Rate 5.79%	800	-	1 year	2024
LGFA Loan - Interest Rate 5.95%	600	-	1 year	2024

(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 2023 it is estimated that a 1% increase in interest rates would decrease the Group's 2023 profit before tax by approximately $17,000 (2022: $28,000).

The Group has no formal interest rate hedging policy.

16. Right of use asset and lease liability

The Group 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 Group recognises the lease payments as an other operating expense on a straight-line basis over the term of the lease.

Right of Use Asset (Group)

	Commercial Property	Gravel extraction consent	Motor Vehicles	Photocopy Equipment	Total
As at 1 July 2021	802	4	0	19	825
Additions	20	-	29	0	49
Depreciation expense	(142)	(2)	(4)	(7)	(155)
Total ROU as at 30 June 2022	680	2	25	12	719
2023 Additions	59	-	-	-	59
2023 Depreciation expense	(141)	(2)	(10)	(7)	(160)
Total ROU as at 30 June 2023	598	0	15	5	618

Lease Liability Maturity Analysis	**Group 2023 $000**	**Group 2022 $000**
Lease Liabilities under NZ IFRS 16		
Less than one year	126	158
Between one and five years	539	512
More than five years	20	125
Total lease payable	685	795
Current	126	158
Non Current	559	637
	685	795

	2023	**2022**	
Lease interest expense	-	-	Note 4
Total cash outflow for leases - principal portion	168	144	
Total cash outflow for leases - interest portion	34	36	Note 4

Cashflow for liquidity risk note	**Total lease liability 2023**	**Total Lease Liability 2022**
6 months post balance date	82	103
6-12 months post balance date	72	86
More than 1 year	624	715
	778	904

17. Commitments

Capital Commitments: At 30 June 2023, the Group had no capital commitments (2022: $1.5m to build aged housing and $459k for plant purchases).

18. Employee Entitlements

The Group has the following current employee entitlements

	Group 2023 $000	Group 2022 $000
Annual Leave	762	802
Accrued Wages	409	436
Time In Lieu	28	26
Long Service Leave	15	13
Sick Leave	22	28
Retirement Gratuities	-	-
	1,236	1,305

The Group has the following non current employee entitlements

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

19. Post Balance Date Events

There were no material post balance date events.

20. Transactions with Related Parties

The group transacted with business in which the shareholders and directors had an interest.
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 2022 to 30 June 2023		
WDC	Westland District Council	Payment - Rentals, Rates and On charges	375	57
WDC	Westland District Council	Sales	11,338	997
WDC	Westland District Council	Subvention Payment	200	200
P M Cuff	Cuffs Limited	Purchase - accounting services	17	-
P M Cuff	Tasman View Properties Limitec	Purchase - entertainment	7	-
R A Pickworth	Westpower Limited	Purchase - Rental RT	6	1
R A Pickworth	Electronet Services Limited	Purchase - IT Services	17	3
R A Pickworth	Electronet Services Limited	Sales	14	-
C J Rea	Hokitika Automotive Limited	Purchase - Mechanical Services	51	5
C J Rea	ChatR Communications Limited	Purchase - Materials and Sevices	28	9
M Rodgers	Men At Work Limited	Purchase - Traffic Management	58	1
P DeGoldi	Fulton Hogan Limited	Purchase - Runway Maintenance Services	2	1
		1 July 2021 to 30 June 2022		
WDC	Westland District Council	Payment - Rentals, Rates and On charges	344	105
WDC	Westland District Council	Sales	9,911	790
WDC	Westland District Council	Subvention Payment	100	100
WDC	Westland District Council	Asset Transfer	3,875	-
P M Cuff	Cuffs Limited	Purchase - accounting services	14	1
P M Cuff	Tasman View Properties Limitec	Purchase - entertainment	4	1
P M Cuff	Tasman View Properties Limitec	Sale - Plant Hire and Materials	11	-
R A Pickworth B O Thomson	Westpower Limited	Purchase - Rental RT	6	1
R A Pickworth B O Thomson	Electronet Services Limited	Purchase - IT Services	23	-
R A Pickworth B O Thomson	Electronet Services Limited	Sales	160	13
C J Rea	Hokitika Automotive Limited	Purchase - Mechanical Services	53	3
C J Rea	ChatR Communications Limited	Purchase - Materials and Sevices	31	10
M Rodgers	Men At Work Limited	Purchase - Traffic Management	9	2

Westland Holdings (Parent): Westroads has a subvention payment agreement with Westland Holdings (Parent) for $200,000, with $200,000 to be paid at balance date (2022: $100,000).

Key management personnel disclosure.

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

	2023 $000	2022 $000
Key management personnel compensation comprised		
Short-term employee benefits	85	76
Termination benefits	-	-
	85	76

There are no loans to or from key management personnel.

21. Financial Instruments

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

	Group 2023 $000	Group 2022 $000
Financial Assets at amortised cost		
Bank Accounts and Cash	1,685	915
Bank Overdraft (secured)	(5)	(3)
Debtors and other Receivables	3,147	2,900
Financial Liabilities at amortised cost		
Creditors and Other Payables	2,392	2,207
Loans	7,280	4,639
Finance Lease	-	-

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 15.

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 15.) 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 Group, 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 is the risk that the Group will have difficulties paying its financial liabilities as they fall due. Prudent liquidity risk management implies mainitaining sufficient cash and the availability of funding through an adequate amount of of uncommitted credit facilities. THe Group aims to maintain flexibility in funding by keeping uncommitted credit lines availalbe.

	Carrying amount	Contractual cashflow	less than 6 months	6-12 months	More than 1 year
	$000	**$000**	**$000**	**$000**	**$000**
Payables (excluding income in advance, taxes	2,364	2,364	2,364	-	-
Secured Loans	7,220	7,543	1,231	3,131	3,182
Lease Liabilities	775	881	94	77	710
Debtors	3,028	3,028	3,028	-	-
	7,331	7,760	661	3,208	3,892

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

	Group 2023 $000	Group 2022 $000
Net surplus after taxation	7,125	1,550
Add/(less) non cash items:		
Depreciation and amortisation	2,773	2,762
Change in fair value of Land and Buildings	(9,231)	-
Bad Debts written off	3	11
Increase (decrease) in provision for doubtful debts	3	3
Increase/(decrease) in deferred tax liability	2,218	51
Increase/(decrease) in Employee Entitlements	25	(31)
Impairment of assets	-	-
Fair value (gain)/loss in investment properties	20	(115)
Total Non-Cash Items	(4,189)	2,681
Add/(less) items classified as investment and financing activities:		
Net loss/(gain) on sale of fixed assets	(372)	(142)
Net loss/(gain) on sale of investment property	-	-
Capital accounts payable	(153)	(26)
Total Investing & Financing Activity Items	(525)	(168)
Add/(less) movements in working capital items:		
Increase/(decrease) in accounts payable and accruals	28	(507)
Increase/(decrease) in employee entitlements (current)	(69)	(188)
Increase/(decrease) in income received in advance	32	23
Increase/(decrease) in provision for taxation	37	192
Increase/(decrease) in subvention payment payable	100	19
(Increase)/decrease in receivables and prepayments	(242)	670
Decrease/(increase) in contract assets	(11)	(300)
Increase/(decrease) in contract liabilities	(137)	118
(Increase)/decrease in tax refund due	-	-
(Increase)/decrease in inventory	(80)	(91)
(increase)/decrease in term inventory	-	204
(Increase)/decrease in work in progress	52	(43)
Working Capital Movement - Net	(290)	97
Net Cash Inflows from Operating Activities	**2,121**	**4,160**

23. 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 and creditor 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.

24. Imputation Credits

The Group has Imputation Credits available for use in subsequent periods of $2,496k.

25. Breach of Statutory Deadline

Section 67 of the Local Government Act 2002 requires that within three months after the end of the financial year, the Board must deliver to the shareholders, and make available to the public, an annual report for the operations during that year. Due to delays in the Audit, Westland Holdings Limited’s annual report was not completed by 30 September 2023. As a result, the Company has breached its statutory reporting deadline for 2023.

INDEPENDENT AUDITOR'S REPORT

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

The Auditor-General is the auditor of Westland Holdings Limited and its controlled entities (collectively referred to as 'the Group'). 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 the performance information of the Group, on his behalf.

Opinion

We have audited:

- the financial statements of the Group on pages 5 to 8 and 18 to 41, that comprise the consolidated statement of financial position as at 30 June 2023, the consolidated statement of comprehensive income, consolidated statement of movement in equity and consolidated statement of cash flows for the year ended on that date and the notes to the consolidated financial statements that include accounting policies and other explanatory information; and
- the performance information of the Group on pages 9 to 17.

In our opinion:

- the financial statements of the Group:
  - 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 Group presents fairly, in all material respects, the Group's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Group's objectives for the year ended 30 June 2023.

Our audit was completed on 26 October 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 Group for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparing the performance information for the Group.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify in 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 1 to 4, 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 the fact. We have nothing to report in this regard.

Independence

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

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

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