



# **A G E N D A**

## **Executive Committee**

**Council Chambers**

**Thursday**

**17 July 2014**

**commencing at 9.00 am**

**Cr. M.S. Dawson (Chairperson)**  
**His Worship the Mayor, M.T. Havill**  
**Deputy Mayor P.M. Cox**

**NOTICE IS HEREBY GIVEN THAT A MEETING OF THE EXECUTIVE COMMITTEE WILL BE HELD IN THE COUNCIL CHAMBERS, 36 WELD STREET, HOKITIKA, ON THURSDAY 17 JULY 2014 COMMENCING AT 9.00 AM**

## **Council Vision**

*"Westland will, by 2030, be a world class tourist destination and have industries and businesses leading through innovation and service."*

*This will be achieved by:*

- *Involving the community and stakeholders*
- *Having inspirational leadership*
- *Having expanded development opportunities*
- *Having top class infrastructure for all communities*
- *Living the '100% Pure NZ' brand*

*"Westland, the last best place"*

## **Purpose:**

The Council is required to give effect to the purpose of local government as prescribed by section 10 of the Local Government Act 2002. That purpose is:

- (a) To enable democratic local decision-making and action, by and on behalf of, communities; and
- (b) To meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses.

## **1. MEMBERS PRESENT AND APOLOGIES:**

### **1.1 Apologies**

### **1.2 Register of Conflicts of Interest**

**2. CONFIRMATION OF MINUTES:**

**2.1 Confirmation of Minutes of Executive Committee Meeting**

**2.1.1 Minutes of the Ordinary Executive Committee Meeting held on 10 March 2014** (Pages 11-14)

**3. PUBLIC FORUM:**

*The public forum section of the meeting will commence at 9.00 am.*

**4. BUSINESS:**

**4.1 Report to Executive Committee - Omnibus Report**

**5. MATTERS TO BE CONSIDERED IN THE 'PUBLIC EXCLUDED SECTION:**

Resolutions to exclude the public: Section 48, Local Government Official Information and Meetings Act 1987.

Council is required to move that the public be excluded from the following parts of the proceedings of this meeting, namely:

**5.1 Confirmation of Minutes of Executive committee Meeting held on 10 March 2014**

The general subject of the matters to be considered while the public are excluded, the reason for passing this resolution in relation to each matter and the specific grounds under Section 48(1)(a) and (d) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

GENERAL SUBJECT OF THE MATTER TO BE CONSIDERED		REASON FOR PASSING THIS RESOLUTION IN RELATION TO THE MATTER	GROUND(S) UNDER SECTION 48(1) FOR THE PASSING OF THIS RESOLUTION
1.	Confirmation of Minutes of Executive committee Meeting	To protect information where the making available of the information would be likely unreasonably to prejudice the	48(1)(a)(i) & (d)

	held on 10 March 2014	commercial position of the person who supplied or who is the subject of the information; or Section 7 (2) (b) (ii)	
2.	Confirmation of Minutes of Executive committee Meeting held on 10 March 2014	To protect the privacy of individuals/organisations under Section 7(2) (a) and (i)	48(1)(a)(i) & (d)

## **TERMS OF REFERENCE FOR THE EXECUTIVE COMMITTEE**

**REPORTING TO:** Council

**CONSTITUTION:** Mayor, Deputy Mayor and One member appointed by the Mayor as Chairperson (Cr Dawson)

**MEETING FREQUENCY:** As required.

**QUORUM:** Two.

### **OBJECTIVE:**

1. To enable Council to carry out its statutory and contractual responsibilities as employer of the Chief Executive.
2. To implement Council policies and processes for the selection, appointment and remuneration of directors to Council Controlled Organisations and trustees to Council Organisations.
3. To maintain an on-going liaison with Boards of Directors of Council-Controlled Organisations in regard to Council's interest as a shareholder.
4. To undertake the role of Audit Committee.
5. To undertake the role of Risk Management Committee.
6. To determine matters within the authority of Council where the urgency of those matters precludes an Extraordinary Meeting of the full Council.

### **SCOPE OF ACTIVITY:**

#### **Employment of Chief Executive**

1. All matters arising under Section 42 and Clauses 33, 34, 35 and 36 of Schedule 7 of the Local Government Act 2002.
2. All matters arising from Council's employment agreement with the Chief Executive, including but not limited to the conduct of performance reviews and remuneration reviews.

#### **Appointment of Directors and Trustees**

3. All matters pertaining to the selection, appointment and remuneration of directors to Council-controlled organisations and trustees to Council organisations, in accordance with Council's Policy on Appointment and Remuneration of Directors.

## **Audit and Risk**

4. All matters pertaining to good practice for Audit and Risk, including consideration of the following matters.

### **(a) Internal Control Framework**

- i. Review whether management's approach to maintaining an effective internal control framework is sound and effective.
- ii. Review whether management has taken steps to embed a culture that is committed to probity and ethical behaviour.
- iii. Review whether there are appropriate systems, processes and controls in place prevent, detect and effectively investigate fraud.

### **(b) Internal Reporting**

- i. Consider the processes for ensuring the completeness and quality of financial and operational information being provided to the Council.
- ii. Seek advice periodically from internal and external auditors regarding the completeness and quality of financial and operational information that is provided to the Council.

### **(c) External Reporting and Accountability**

- i. Agree the appropriateness of the Council's existing accounting policies and principles and any proposed change.
- ii. Enquire of internal and external auditors for any information that affects the quality and clarity of the Council's financial statements and statements of service performance, and assess whether appropriate action has been taken by management in response to the above.
- iii. Satisfy itself that the financial statements and statements of service performance are supported by appropriate management signoff on the statements and on the adequacy of the systems of internal control (i.e. letters of representation), and recommend signing of the financial statements by the

Chief Executive/Mayor and adoption of the Annual Report or Long Term Plan.

- iv. Confirm that processes are in place to ensure that financial information included in the entity's Annual Report and Long Term Plan is consistent with the signed financial statements.

(d) Risk Management

- i. Review whether management has in place a current and comprehensive risk management framework and associated procedures for effective identification and management of the Council's significant risks.
- ii. Review Council's annual insurance renewal and ensure the appropriateness of the level of self-insured risk.
- iii. Consider whether appropriate action is being taken by Management to mitigate Council's significant risks.

(e) Internal Audit

- i. Review and approve the internal audit coverage and annual work plans, ensuring these plans are based on the Council's risk profile.
- ii. Review the adequacy of management's implementation of internal audit recommendations.
- iii. Review the internal audit charter to ensure appropriate organisational structures, authority, access, independence, resourcing and reporting arrangements are in place.

(f) External Audit

- i. At the start of each audit, confirm the terms of the engagement, including the nature and scope of the audit, timetable and fees, with the external auditor.
- ii. Receive the external audit report(s) and review action to be taken by management on significant issues and audit recommendations raised within.
- iii. Conduct a members-only session (i.e. without any management present) with external audit to discuss any matters that the auditors wish to bring to the Committee's attention and/or any issues of independence.

- iv. Consider any recommendation by management that the Office of the Auditor-General replace the external auditor.

**(g) Compliance with Legislation, Standards and Good Practice Guidelines**

- i. Review the effectiveness of the system for monitoring the Council's compliance with laws (including governance legislation, regulations and associated government policies), with Council's own standards, and Good Practice Guidelines as applicable.

**Emergency Powers**

- 5. All matters within the authority of Council, other than those reserved to Council under s.48 and Sch. 7 of the Local Government Act 2002.

**POWER TO ACT:**

**Employment of Chief Executive**

- (a) To decide all matters arising under s.42 and Cl. 33, 34, 35 and 36 of Sch. 7 of the Local Government Act 2002 and all matters arising from Council's employment agreement with the Chief Executive, except for:
  - (i) The appointment of a Chief Executive; and
  - (ii) The re-appointment of a Chief Executive for a second term under Cl. 34 Sch. 7 of the Local Government Act 2002; and
  - (iii) The termination of employment of the Chief Executive.
- (b) In undertaking performance reviews, whilst the process for undertaking the review is at the Committees discretion; the Committee must:
  - (i) Seek the views of all Councillors, prior to assessing the Chief Executives performance review.
  - (ii) Seek the advice of an independent employment advisor, at least annually, on good practice, in undertaking a review.
- (c) In undertaking a remuneration review the Committee must seek the advice of an independent employment advisor, on good practice, in undertaking a review.

**Appointment of Directors and Trustees**

- (d) All matters pertaining to the selection, appointment and remuneration of directors to Council Controlled Organisations and trustees to Council Organisations, except for the appointments of directors and trustees.
- (e) All matters are to be in accordance with Council adopted policy on Appointment and Remuneration of Directors.

### **Emergency Powers**

- (f) To decide all matters within the authority of Council where urgency precludes convening an Extraordinary meeting of the full Council, except for those matters reserved to Council under s.48 and Sch. 7 of the Local Government Act 2002.

### **Other**

- (g) Approve Executive Committee meeting minutes.
- (h) Appoint sub committees with written terms of reference, resolved by the Committee.

### **POWER TO RECOMMEND**

#### **Employment of Chief Executive**

- (a) The appointment of the Chief Executive;
- (b) The re-appointment of a Chief Executive for a second term under Cl. 34 Sch. 7 of the Local Government Act 2002.
- (c) The termination of employment of the Chief Executive.

#### **Appointment of Directors and Trustees**

- (d) Appointees for directors to Council Controlled organisations and trustees to Council organisations that meet the requirements of s.57 of the Local Government Act 2002.

#### **Council Controlled Organisations**

- (e) Any matters pertaining to Council's interest as a shareholder in Council Controlled Organisations, including:
  - i. Consideration of Statements of Intent
  - ii. Review of six monthly and annual performance against the statements of intent.

- iii. Consideration of major transactions.
- iv. Consideration of major transactions, acquisitions and disposals.

**Adopted by Council on 28 November 2013**  
**Amended and Readopted by Council on 27 February 2014**

**MINUTES OF A MEETING OF THE EXECUTIVE COMMITTEE OF THE WESTLAND DISTRICT COUNCIL, HELD IN THE COUNCIL CHAMBERS, 36 WELD STREET, HOKITIKA ON MONDAY 10 MARCH 2014 COMMENCING AT 4.00 PM**

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**1. MEMBERS PRESENT**

Cr M.S. Dawson, Chair  
His Worship the Mayor, M.T. Havill  
Deputy Mayor P.M. Cox.

**1.1 Apologies**

Nil.

**Also in Attendance for part of the meeting:**

T.L. Winter, Chief Executive; G. Borg, Group Manager: Corporate Services and D.M. Maitland, Executive Assistant.

**1.2 Register of Conflicts of Interest.**

The Register of Conflicts was circulated and no amendments were made..

**2. BUSINESS:**

**2.1 Half Year Performance Report – Westland Holdings Ltd**

*The Group Manager: Corporate Services introduced this report.*

Moved His Worship the Mayor, seconded Deputy Mayor Cox and **Resolved** that the report from Westland Holdings Ltd be received.

Moved Mayor Havill, seconded Cr Dawson, and **Resolved** that Westland Holdings Ltd be instructed to provide individual financial reports from each

of its subsidiary companies of a more detailed nature, including commentary on:

- The reason why the cost of sales increased relative to revenue.
- Why other income has fallen compared to 2013.
- The increase in borrowings of \$1.4M and what they were used for.
- Explanation of their receivables figure.
- Explanation of the negative working capital position.
- Timing of the payments and phasing of revenue and expenditure.
- How the Greymouth contract is going for Westroads.
- Providing a breakdown of what makes up the Employee Entitlements.

The Committee requested the above information be provided for the 27 March 2014 Council Agenda.

The Committee noted that Mr Graeme King, Chair of Westland Holdings Ltd has been invited to attend the 27 March 2014 Council Meeting in Haast.

## **2.2 Report from Audit New Zealand on the Audit of Westland District Council for the year ended 30 June 2013**

*The Group Manager: Corporate Services spoke to this report.*

Moved Cr Dawson, seconded Deputy Mayor Cox and **Resolved** that based on the legal advice received from Simpson Grierson that the rates set and assessed by Council are not invalid; that the terminology referred to in the "section 3.1 Rates Review" remains the same for the 2014-2015 financial year.

Moved Deputy Mayor Cox, seconded Cr Dawson and **Resolved** that:

- A) The Report from Audit New Zealand on the Audit of Westland District Council for the year ended 30 June 2013 be received.
- B) The Committee considers the advice received in the context of future annual plans, long term plans and annual reports.

The Committee requested that, based on the recommendations in the Audit Management Report, a tasklist be reported back to the Executive Committee.

### 3. MATTERS CONSIDERED IN THE 'PUBLIC EXCLUDED SECTION'

Moved Deputy Mayor Cox, seconded His Worship the Mayor and **Resolved** that Council exclude the public in accordance with Section 48, Local Government Official Information and Meetings Act 1987.

Council is required to move that the public be excluded from the following parts of the proceedings of this meeting, namely:

#### 3.1 WHL Statement of Intent for 2014-2015.

#### 3.2 CE's Performance Review.

The general subject of the matters to be considered while the public are excluded, the reason for passing this resolution in relation to each matter and the specific grounds under Section 48(1)(a) and (d) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

<i>Item No.</i>	<i>Minutes/ Report of</i>	<i>General subject of each matter to be considered</i>	<i>Reason for passing this resolution in relation to each matter</i>	<i>Ground(s) under Section 48(1) for the passing of this resolution</i>
1.	Statement of Intent	WHL Statement of Intent for 2014-2015	Good reasons to withhold exists under Section 7.	48(1)(a)(i) & (d)
2.	Report to the Committee	CE's Performance Review.	Good reasons to withhold exists under Section 7.	48(1)(a)(i) & (d)

This resolution is made in reliance on Section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public are as follows:

No.	Item	Section
1.	Protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or is the subject of the information.	Section 7(2)(b)(ii)
2.	Protection of privacy of natural persons	Section 7(2)(a)

Moved His Worship the Mayor, seconded Cr Dawson and **Resolved** that the business conducted in the "Public Excluded Section" be confirmed and the public be readmitted.

**MEETING CLOSED AT 7.35 PM**

**NEXT MEETING: DATE TO BE DETERMINED**

**Confirmed by:**

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**Cr Mark Dawson**  
**Chair**

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**Date**

# Report



DATE: 17 July 2014

TO: Executive Committee

FROM: Group Manager: Corporate Services

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## OMNIBUS REPORT: EXECUTIVE COMMITTEE

### 1.0 SUMMARY

- 1.1 The purpose of this report is to provide the Executive Committee with an update on a range of matters that fall under their Terms of Reference.
- 1.2 This issue arises from the Committee having been delegated responsibility for a number of Council activities.
- 1.3 Council seeks to meet its obligations under the Local Government Act 2002 and the achievement of the District Vision set out in the Long Term Plan 2012-22. The matters raised in this report relate to those elements of the vision identified in the following table.

Vision's Objectives	Achieved By
Having inspirational leadership	The Executive Committee providing oversight on a range of matters as delegated by Council.

- 1.4 This report concludes by recommending that the recommendations in **Appendix 1** be adopted.

## 2.0 BACKGROUND

- 2.1 The Executive Committee was created by Council under the terms of the Local Government Act 2002 after the local body elections in October 2013.
- 2.2 The Committee operates under terms of reference and the matters brought before it are in keeping with these.

## 3.0 CURRENT SITUATION

- 3.1 A range of matters are included in this report for consideration by the Executive Committee. As the Committee's power to act is limited, most of the items are information to be received.

## 4.0 OPTIONS

- 4.1 Any options are contained in **Appendix 1** with the individual items to be considered.

## 5.0 SIGNIFICANCE AND CONSULTATION

- 4.2 In accordance with Council's Policy on Significance the matters in this report are largely administrative and therefore are a low level of significance.

## RECOMMENDATION

- A) **THAT** the recommendations in **Appendix 1** be adopted.

Gary Borg

**Group Manager: Corporate Services**

**Appendix 1: Omnibus Recommendations**

**Appendix 2: Executive Committee Work Plan 2014-15**

**Appendix 3: Sample Management Report**

**Appendix 4: Commercial Insurance Renewals Report**

**Appendix 5: CCO Half Year Reports 2013-14**

a: HAL Interim Report for the period ended 31 Dec 2013

b: WDPL Half Yearly Report

c: Westroads Half Yearly Report - Dec 13

## **APPENDIX 1: OMNIBUS RECOMMENDATIONS**

### **1. EXECUTIVE COMMITTEE WORKPLAN 2014-15**

A draft schedule is attached as **Appendix 2**. The dates represent the deliverables for each activity and meetings will be arranged in advance of these as required.

**Recommendation:**

**THAT** Executive Committee adopts the work plan for 2014-15 per Appendix 2.

### **2. MONTHLY FINANCIAL REPORTING**

The chart of accounts will be completed in July with a five level hierarchy to enable tailored reporting and review throughout the organisation. A draft reporting model was tested on 9 July and is attached as **Appendix 3**. The details are for illustrative purposes only and do not depict the performance of the activity used for the sample. Further testing and consultation with users will define the reporting suite.

System configuration will follow at the end of July with go-live in August, reporting on July 2014.

**Recommendation:**

**THAT** Executive Committee receives this information and provides feedback on the format of the reporting pack.

### **3. CCO REVIEW IMPLEMENTATION**

A report of market valuations of properties owned by Westland District Property Limited was received from Quotable Value on 7 July 2014.

On site due diligence was concluded on 17 July 2014, with a formal report expected by 30 July 2014. Next steps will be determined when this report has been considered.

**Recommendation:**

**THAT** the Executive Committee receives this update, pending a formal report from Council's appointed advisors.

#### 4. INSURANCE

Council has reinsured with LAPP and Crombie Lockwood effective 1 July 2014. An updated schedule of assets insured will be provided by Crombie Lockwood which will be reconciled to Council's fixed asset register. The outcome will be reported to the Committee.

Although the last minute nature of renewals is difficult to mitigate, continued dialogue among staff, advisors and the Committee will ensure Council is better informed through the year. To initiate that process the commercial insurance renewals report from Crombie Lockwood; detailing risks insured and levels of cover; is attached as **Appendix 3**.

**Recommendation:**

**THAT** the Executive Committee receives and reviews the commercial insurance renewals report

**THAT** the Executive Committee confirms its expectations for the ongoing review process

#### 5. RATES REVIEW

Methodology discussed at the rates review workshop on 22 May 2014 have been drafted into a model and passed to the appointed consultant. The effects of the proposed changes are wide ranging and must be considered by full Council. The next workshop is scheduled for 24 July 2014.

**Recommendation:**

**THAT** Executive Committee advises staff of Council's desired outcomes for the July 2014 Rates Review workshop.

## 6. TIMETABLE FOR ANNUAL REPORT

The timing of activities required to complete the Annual Report 2013/14 are tabled below:

Month	Financials	Service Performance and Reporting
July	Completion of GL chart of accounts Closure and reconciliation of ledgers Third party statements	Collect, compile and review performance data
August	Preparation of notes and lead schedules Carry forwards report to Council	Statements of performance
September	Financial statements Funding impact statements Financial prudence measures	Preparation of draft report
October	Consolidation of CCO accounts Audit	Final report Adoption by Council

The audit will run for up to three weeks from 6 October 2014, potentially leaving only one week for Council to review and adopt within the statutory deadline. The 23 October Council meeting has been moved to 30 October in recognition of this.

### Recommendation:

**THAT** the Executive Committee receives this update

## 7. HALF YEARLY ACCOUNTS FROM CCOs

The Group Half Yearly Report was provided by Westland Holdings Ltd and presented to the Executive Committee in April 2014.

The Group Accounts were presented without commentary and, due to the contrasting financial positions and performance of the Group Companies, little understanding could be derived from the financial statements alone.

The Executive Committee requested receipt of the Half Yearly Reports for the individual companies. These are attached as **Appendices 5 (a – c)**.

### Recommendation:

**THAT** the Executive Committee receives the individual company half yearly reports attached as **Appendices 5 (a – c)**

## APPENDIX 2: EXECUTIVE COMMITTEE REPORT 2014-15

EXECUTIVE COMMITTEE WORK PLAN 2014-15												
Item	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15
External Audit	Interim Audit Management Report		Final Audit Annual Report		Audit Annual Report				LTP Audit Hot Review	Letter of Engagement 2015-16	Review Audit Management Reports	Interim Audit Annual Report
											LTP Audit	
Annual Report		Heads up on EOY Result	Review Annual Report									
CE Performance Review			Annual PR						6-Month PR			
CCO's		Feedback on WDPL Due Diligence	Full Year Reports	Special Consultative Procedure on disestablishing WDPL & WHL?	AGM's			Draft Statement of Intents due end Feb	Half Year Reports			
Insurance					Review of Assets to be Insured							Renewal
Risk Management Framework		Review Risk Register		Review Risk Management Policies & Procedures						Review Risk Management Policies & Procedures		
				Review Risk Register						Review Risk Register		
Internal Control Framework			Review Current Policies & Procedures					Confirm Internal Control Framework				
Long Term Plan								Review LTP Budgets				

# APPENDIX 3: SAMPLE MANAGEMENT REPORT

WESTLAND DISTRICT COUNCIL Cost of services statement									
MUSEUM	May		Year to May		Full year 2019-2020				
	Actual	Budget	Variance	Actual	Budget	Variance	Budget	Balance	
Operating revenue									
Rates	0	0		238,664	279,463	(35,801)	321,122	(82,458)	
User fees and charges	1,537	1,736	(201)	62,457	71,826	(9,369)	84,137	(21,579)	
Grants and subsidies	0	0		1,271	1,462	(191)	1,710	(439)	
Other income	43	48	(6)	20,591	23,657	(3,067)	27,691	(7,100)	
Total revenue (A)	1,580	1,785	(205)	322,973	371,419	(48,446)	434,550	(111,587)	
Operating expenditure									
Personnel costs	11,894	13,394	1,501	175,172	211,448	26,276	235,694	60,522	
Administrative costs	0	0		8,693	9,937	1,246	11,626	2,935	
Operating costs	3,639	4,112	473	74,918	86,198	11,282	118,692	25,894	
Grants and donations	0	0		0	0	0	0	0	
Total operating expenditure (B)	15,483	17,496	2,013	258,761	297,575	38,814	348,162	89,402	
Net operating cost of services - surplus/ (deficit) (A - B)	(13,904)	(15,711)	1,807	64,212	73,844	(9,632)	86,597	(22,165)	
Other expenditure									
Interest and finance costs	0	0		0	0	0	0	0	
Overheads	8,115	9,857	1,742	34,111	36,871	2,760	43,119	11,977	
Depreciation	0	0		79,111	9,160	1,155	11,717	2,752	
Total other expenditure (C)	8,115	9,857	1,042	40,026	46,030	6,004	59,855	19,829	
Total expenditure (D = B + C)	23,498	26,553	3,055	298,787	343,605	44,818	402,018	109,231	
Net cost of services - surplus/ (deficit) (A - D)	(21,919)	(24,111)	2,894	24,196	27,814	(3,619)	32,942	(8,556)	
Variance explanation									
<div> <div> User fees &amp; charges  Grants &amp; subsidies  Other income </div> <div> Personnel costs  Administrative costs  Operating costs  Grants and donations </div> </div>									

**Appendix 4**



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INSURANCE RENEWAL REPORT  
to  
WESTLAND DISTRICT COUNCIL

June 2014

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## 1 Introduction

The insurance programme is due to expire on the 30<sup>th</sup> of June 2014 and we are pleased to provide the following report for your information and review.

We generally recommend remarketing an insurance programme routinely and we usually work to a three yearly cycle unless market conditions dictate otherwise as we believe it is essential to build a relationship with insurers in order to maintain consistent pricing levels and take advantage of such relationships if and when required, ie claim negotiation.

The renewal strategy agreed with Westland was that we would negotiate with the incumbent insurance panel and not go to the market unless the renewal terms were deemed to be out of step with the market.

The reasoning for this strategy was twofold. Firstly Westland's portfolio was remarketed last year and indeed the year before that and as such we have sought to avoid "insurer fatigue". Insurers value continuity and loyalty. Most log and retain quotation requests and eventually lose interest in competing for what they view as the business of overly price focused "transactional" clients. This is not a desirable scenario as it removes competition and options from the market.

Additionally Westland sustained significant losses in the April storms and the claim(s) have yet to be settled. It is not prudent to move insurers when large claims are outstanding. The current outstanding reserve set by Cunningham Lindsey Loss Adjusters on behalf of NZI is c\$240,000 and it is feasible that the eventual settlement will exceed the reserve once negotiations have been finalised. Furthermore NZI also have an outstanding reserve of \$100,000 for the Van Beeks Bridge claim.

Before the storm damage claim occurred it was anticipated that Westland would enjoy a Material Damage rate reduction in line with current market trends. These have not been forthcoming due to the claim(s) and as a result we sought terms from one other insurer, Vero, for benchmarking purposes. These were uncompetitive and are outlined within the executive summary.

Taking the above into account and benchmarking Westland against other West Coast Councils we service we can confirm that the terms contained within this report are competitive and in line with the current insurance market taking into account Westland's historic claims experience.

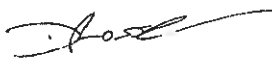
The CLRP people involved in this process have been;

- Lance Ryan - Executive Broker
- Daniel Rosser - Senior Broker
- Melissa Cross - Senior Broker (Liability)

We look forward to reviewing the report with you to ensure your current insurance programme continues to meet with your requirements.



Lance Ryan  
Executive Broker



Daniel Rosser  
Senior Broker



Melissa Cross  
Senior Broker

## 2 Premium Summary & Broker Remuneration

Policy	2013/14	2014/15
Material Damage	\$145,618.48	\$160,731.86
Public Liability	\$5,000.00	\$5,250.00
Professional Indemnity	\$14,000.00	\$17,500.00
Statutory Liability	\$1,500.00	\$2,000.00
Employers Liability	\$1,000.00	\$500.00
Directors & Officers Liability	\$4,000.00	\$4,000.00
Airport Owners & Operators	\$5,250.00	\$5,250.00
Fidelity	\$4,950.00	\$4,950.00
Motor Fleet	\$4,807.00	\$5,776.88
Fire Service Levies	\$21,078.90	\$20,665.50
Total	\$207,204.38	\$226,624.24

- Last years Material Damage premium was based on an overall sum insured of \$37.658m and this has increased to \$40.737m, the underlying average rate applied to those values has increased from 0.386% to 0.394%, a 2% increase. This is a positive result when you take into account the quantum of the outstanding storm & Bridge claim(s) is \$340,000, more than double the proposed renewal premium.
- Vero quoted an average rate of 0.45%, some 14.2% higher than the NZI renewal offer. Additionally Vero require a \$50,000 excess for all claims whereas NZI are \$15,000.
- The Public Liability premium has increased following an increase in the declared turnover.
- The Professional Indemnity premium has increased as a direct result of claims. Overall, claims position as at last year was \$54,550 paid and \$180,000 total outstanding reserve. This year \$184,000 has been paid and the total outstanding reserve has increased to \$365,000.
- The combined Statutory & Employers Liability premium pool remains unchanged at \$2,500. New Defence Costs endorsement added to respond to s9 charge under Law Reform Act 1936 ("Stelgrad"). This provides Westland with \$500,000 Defence Costs in addition to the limit of limit of indemnity.
- Last years Motor Fleet premium was based on a cumulative fleet value of \$253,844. This has increased to \$288,844.
- The above premiums exclude GST
- Note that the premiums quoted in the table above do not include our fee. Last year this was \$11,500 plus GST and this year we are proposing an increased fee of \$14,000. By way of comparison based on the current premium spend standard insurance brokerage income would be in the region of \$33,900.

### 3. Scope of Cover

#### *Material Damage*

- Renewal is based upon the updated assets register provided by Westlanc based and is summarised below;

Buildings, Plant/Contents \$40,737,500

- The standard policy excess remains at \$15,000 each and every claim.

Please refer below to the section under policy excess recovery services which are available to the Westland District Council through CLRP.

In the event of Natural Disaster, the excess is as following;

The excess shown below for each region will apply to the aggregate of:

- a) all natural disaster damage claims under the Material Damage Policy, and
- b) all natural disaster damage claims under the Business Interruption Policy arising from any one event at each common site.

<u>REGION</u>	<u>Excess excluding pre 1935 building risks</u>	<u>Excess on pre 1935 building risks</u>
The rest of New Zealand	5% of the site sum insured	10% of the site sum insured

#### DEFINITIONS

For the purposes of this endorsement the following definitions apply to the plural and any derivatives of the words.

*For example, the definition of 'accident' also applies to the words 'accidentally', 'accidental' and 'accidents'.*

common site:

A common physical location where the insured property is linked to achieve a common business purpose at that location.

event:

an event, or a series of events arising from one source or original cause.

natural disaster damage:

Loss or damage that results directly from:

(a) earthquake, subterranean fire, volcanic eruption, tsunami, geothermal activity, hydrothermal activity, or fire caused by any of these, or

(b) measures taken under proper authority, following an event listed in (a) to:

- (i) avoid its spreading, or
- (ii) reduce its consequences.

pre 1935 building risks:

Where

- (i) the building is, or
- (ii) the contents of buildings and/or stock is located in any building constructed prior to 1935.

#### Valuation Reports

As outlined last year and as discussed during our pre renewal meeting we are concerned at the lack of annual valuation reports. I understand a thorough review of all assets is currently being undertaken and it would be prudent to involve a professional valuer in this process.

Recent events in Canterbury have proved that sums insured are often not adequate and this has shown up where valuation reports are outdated. We urge caution over the assets valuations as we believe the Council's programme is currently underinsured given the length of time between valuations.

NZI have requested up to date valuations for the council offices and all water treatment plant.

Cover is as expiring including the three clauses implemented last year which are summarized as follows (these have been applied to other DC's);

- Earthquake Prone Buildings Endorsement – If any buildings of any age are identified as EPB 's, then Indemnity Value Basis of Settlement to apply in all cases. If NBS % details of all pre 1935 buildings are unknown at the time of renewal, then coverage to be limited to an IV Basis of settlement only. If NBS is 34% or more, then current Basis of Settlement may remain.
- Historic Places Trust Endorsement – In the event of an insured loss to any insured property, which is classified as being of historic importance, we will pay the cost to replace/reinstate the property using current building methods and materials
- Seismic Upgrades Cost Endorsement – The amount payable under the policy excludes any costs incurred in connection with seismically strengthening the property insured to a level greater than its level before the damage.

The above clauses are in line with market trends and are similar to endorsements being applied by other insurers in the market.

#### Under Excess Claims Recovery Service

CLRP is able to assist with under excess claims recoveries for the Council. Given that the policy excess is now \$15,000 each and every claim, any claims under this amount are to be borne by Council. In the case of claims caused by third parties, CLRP has the capability and expertise to assist with under excess claims recoveries.

Our Third Party Administration (TPA) has considerable expertise in providing and developing "back room" operations for insurance companies, self insurance programmes, under deductible recovery services, claims management and incident reporting.

This service is available to the Council, for a fee, to assist with under deductible recoveries

## Liability Insured Entities

With the exception of the "D&O" policy the Insured entity is restricted to "Westland District Council" only. The Insured under the Directors and Officers Liability policy is broader and reads as "Westland Holdings Ltd and subsidiaries (Westland District Property Ltd, Westroads Ltd, Westroads Greymouth Ltd and Hokitika Airport Ltd)". Westroads carry separate Public, Statutory and Employers Liability cover, we assume this is also the case for Hokitika Airport Ltd – can Westland please confirm.

### *Public Liability*

- Public Liability cover is in place at present with the following limits applying:
- General Liability \$5,000,000
- Products Liability \$5,000,000
- The Territorial and Jurisdictional Limits are New Zealand only
- The applicable policy excess is \$2,000 each and every claim

### *Statutory & Employers Liability*

- Statutory & Employers Liability covers are in place at present with the following limits applying:
- Statutory Liability \$500,000
- Employers Liability \$500,000
- The Territorial and Jurisdictional Limit is New Zealand.
- Deductibles applicable \$2,000 each and every claim costs inclusive
- A new Defence Costs endorsement added to respond to s9 charge under Law Reform Act 1936 ("Steigrad"). This provides Westland with \$500,000 Defence Costs in addition to the limit of limit of indemnity.

### *Professional Indemnity*

- Professional Indemnity Coverage is in place at present with the following limits applying:
- Limit of Indemnity \$5,000,000
- The Territorial and Jurisdictional limit is New Zealand
- The policy is subject to an excess of \$10,000 each and every claim costs exclusive
- The Building Defects and Terrorism Exclusions apply
- The claims position has deteriorated since last renewal last year. The overall claims position as at last year was \$54,550 paid and \$180,000 total outstanding reserve. This year \$184,000 has been paid and the total outstanding reserve has increased to \$365,000.

### *Fidelity*

- Fidelity coverage is in place via Civic Assurance with the following limit of indemnity
- Limit of Indemnity \$500,000
- The applicable excess is \$5,000 each and every claim costs inclusive
- Theft by third parties is excluded however we are able to include third party coverage under a Crime Manager policy wording. The annual premium for the Crime Manager cover would total \$5,000 however an excess of \$25,000 each and every claim would be applicable, rather than the \$5,000 excess in place at present.

#### *Directors & Officers Liability*

- Cover is currently in place for Westland Holdings and all subsidiaries including Hokitika Airport, Westroads Ltd and Westland District Council officers (in respect of outside position liability) based on the following limits
- Limit of Indemnity (excluding defense costs): \$4,000,000
- Limit of Indemnity (defense costs): \$1,000,000
- A policy excess of \$2,000 each and every claim is applicable
- Territorial limits are New Zealand only.

#### *Airport Owners & Operators*

- Cover is presently in place with the following limits applying
- Maximum limit anyone claim \$20,000,000
- Territorial limits are New Zealand Only
- A policy excess of \$5,000 applies each and every claim

#### *Motor Vehicle*

- Renewal is based on the updated list of vehicles provided by Westland.

Number of Vehicles	16
Fleet sum insured	\$288,844
Third Party Liability	\$10,000,000
- The applicable policy excess is 1% of the sum insured with a minimum of \$500 and the following additional underage excesses also apply: -

- for any driver under 21 years of age	\$1,000
- for any driver 21-24 years of age	\$500
- for any driver 25 years or over who has held a NZ licence less than 2 years	\$400

No deductible applies for loss arising from fire, theft or conversion of the vehicle, windscreen or window glass claims.

## 4 Uninsured Risks

The following classes of insurance have not been arranged for you. In some cases these insurance policies have no application to your current risk profile, however they may have some application in the future.

In other cases you have elected to self-insure the risks.

Please let us know if we can assist with a detailed view of these uninsured risks

	Insured	Not Taken
General Property & Business Interruption		
Advance Interruption (Also referred to as Advance Profits) – To cover loss of future income where completion of a construction project is delayed by damage		✓
Boiler Explosion To cover boilers and other pressure vessels against risk of explosion normally excluded from Material Damage policies		✓
Debtors Balances To cover loss resulting from inability to recover debts because of damage to records		✓
Business Interruption To cover loss of income and increased costs resulting from damage to assets. Sometimes referred to as "Loss of Profits" or "Consequential Loss" insurance		✓
Computer Crime To cover losses resulting from dishonesty in relation to computers		✓
Computer To cover computers and computer media against a wider variety of risks than those covered under a Material Damage policy		✓
Contract Works To cover contract works against physical loss or damage and, optionally, to cover public liability arising in connection with the contract works		✓
Earthquake To cover earthquake risks normally excluded from basic Material Damage and Business Interruption policies	✓	

	Insured	Not Taken
Refrigerated Goods (Spoilage) To cover spoilage or deterioration of refrigerated and frozen goods up to \$25,000	✓	
Machinery To cover breakdown risks normally excluded from basic Material Damage policies		✓
Machinery Business Interruption To cover loss of income and increased costs resulting from damage by a peril insured under a Machinery policy		✓
Material Damage A general policy insuring buildings, plant and stock	✓	
Terrorism To cover terrorism risks. This risk is commonly excluded from cover under material Damage insurance		✓
General Liability Risks		
Directors and Officers Liability To cover directors and officers for their personal liability arising out of their duties as directors and officers. The insurance will also reimburse the company where it has already indemnified it's directors for any such liability. Cover includes associated defence costs	✓	
Prospectus Liability To cover the Company, its Directors and Senior Executives for liabilities arising from the issue of a prospectus, information memorandum or other sale / purchase documents. This liability is generally excluded from Directors and Offices Liability policies unless they are specifically extended to cover it. Cover includes associated defence costs.		✓
Warranties and Representations Liability To cover liability arising from specific representations or warranties made in an agreement between parties		✓
Employment Disputes Liability To cover damages and costs arising out of certain employment related disputes between employer and employees		✓

	Insured	Not Taken
<p>Private Legal Aid To cover private persons and their families for private Legal Aid Costs for defending a variety of criminal, traffic and civil actions</p>		✓
<p>Internet Liability (Esurance) Provides protection against:</p> <ul style="list-style-type: none"> <li>• Third party liability due to e-activities</li> <li>• Employees claims for harassment or breach of privacy through the use of your computer system</li> <li>• External data recovery costs and computer system repairs as a result of a virus or hacking attack</li> <li>• Costs involved in a threat to your computer systems</li> <li>• Pursuit cover for breach of your web site's intellectual property</li> <li>• Public Relation costs in averting further loss under the policy</li> <li>• Business Interruption cover in event of loss of revenue as a direct result of the failure to conduct e-activities as a result of a claim</li> </ul>		✓
<p>Libel and Slander To cover liability arising out of libel and slander, particularly in connection with commercial publishing and broadcasting activities</p>		✓
<p>Product Guarantee To cover liability for correcting defects in products or for replacing defective products</p>		✓
<p>Product Liability To cover liability for damage or injury caused by products</p>	✓	
<p>Product Recall To cover liability for the cost of recalling products which are defective or suspected of being defective</p>		✓
<p>Liability consequential Loss To partially cover loss of Gross Profit and increased costs arising from an event that also gives rise to a valid claim on a Liability Policy. This limited form cover is only available where the Liability Insurance is provided by the same insurer</p>		✓
<p>Professional Indemnity To cover liability incurred through negligence in giving professional advice or in carrying out duties of a professional nature</p>	✓	
<p>Public Liability To cover general liability for damage or injury to other parties or their property happening in connection with your business</p>	✓	

	Insured	Not Taken
<b>Statutory Liability</b> To cover legal defence costs fines and reparations imposed under certain sections of Acts of Parliament such as: <ul style="list-style-type: none"> <li>• Health Safety in Employment Act</li> <li>• Resource Management Act</li> <li>• Building Act</li> <li>• Fair Trading Act 1986</li> <li>• Privacy Act 1993</li> <li>• Consumer Guarantees Act 1993</li> <li>• and other Acts as defined in the Insurer's policy</li> </ul> <p>Note: With effect from 5 May 2003 the Government legislated against insuring fines incurred under the Health &amp; Safety in Employment Act, however Defence costs incurred through actions brought under this Act remain insurable</p>	✓	
<b>Trustees Indemnity</b> To cover trustees of organisations for their personal liability for wrongful acts arising out of their duties as Trustees		✓
<b>Crime / Fidelity</b>	✓	
<b>Transport Risks</b>		
<b>Aviation Liabilities</b> To cover public liability arising out of the use of aircraft	✓	
<b>Carriers Liability</b> To cover liability under the Carriage of Goods Act		✓
<b>Goods in Transit</b> Stock or plant items whilst in transit in your own vehicles up to \$50,000	✓	
<b>Marine Cargo</b> To cover shipments of goods by land, sea or air		✓
<b>Marine Hull</b> To cover watercraft against physical loss or damage		✓
<b>Marine Liabilities</b> To cover liability to other parties arising out of the use of watercraft		✓
<b>Motor Vehicle</b> To cover direct loss or damage to vehicles and third party liability in connection with the use of vehicles	✓	

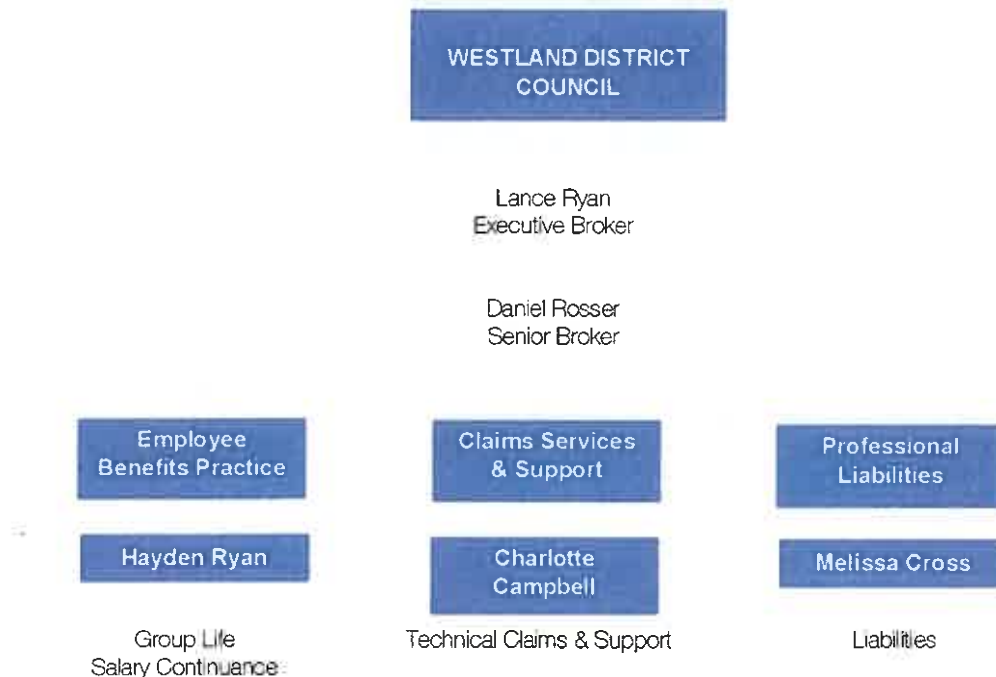
Life, Disability & Health Risks	Insured	Not Taken
<p><b>Critical Illness</b> A benefit that provides your chosen lump-sum in the event of diagnosis with a serious medical condition. Insurers usually cover up to 35 major illnesses, such as cancer, heart attacks, strokes, Parkinson's Disease, major head injuries, and so on</p>		✓
<p><b>Business Expenses</b> Pays the fixed costs of your business if you are sick and cannot work</p>		✓
<p><b>Debt Protection</b> Where businesses or individuals have borrowed large amounts of money, they often want to protect themselves against the risk of being unable to repay the loan due to a serious health event (eg, death, disability, or illness)</p>		✓
<p><b>Employee Benefits</b> Some employers choose to provide their staff with insurance benefits as part of their remuneration package. This tool is commonly used to increase staff loyalty and retention, or to protect those who work in high-risk industries</p>		✓
<p><b>Income Protection</b> Provides you with a replacement wage if you cannot work (due to illness or disability) and suffer a loss of earnings. This insurance is critical for most working people</p>		✓
<p><b>Key Person Insurance</b> This is used to protect your business from the additional costs involved in losing a Key Person. Such costs may include a loss of revenue; loss of opportunities, networks, and expertise; and the costs associated with recruiting a replacement</p>		✓
<p><b>Medical Insurance</b> Covers the cost of surgery in a private hospital. Is commonly used to avoid lengthy delays on the Public Health System's waiting lists</p>		✓
<p><b>Shareholders' Insurance</b> Also called Partnership Insurance, this policy is used by those in business with another person. In the event of a major health disaster (eg, death), the policy funds the buying and selling of shares so that the continuing shareholder retains full control of the business and the exiting shareholder receives a fair value for their shares</p>		✓

	Insured	Not Taken
<p><b>Term Life</b> Covers Death by Any Cause (ie. as a result of Sickness or Death). The sum insured is also paid in the event of Terminal Illness</p>		✓
<p><b>Total Permanent Disablement (TPD)</b> The sum insured is paid if you are totally incapacitated and cannot work again. Most claims result from the worst kinds of head injuries, spinal injuries, and degenerative illnesses (such as motor neurone, multiple sclerosis, Parkinson's Disease, etc)</p>		✓
<p><b>Miscellaneous or Special Risks</b></p>		
<p><b>Bonds</b> Financial devices (rather than insurance policies) designed to avoid the need to provide a bond in cash</p>		✓
<p><b>Environmental Impairment</b> A special form of pollution liability insurance</p>		✓
<p><b>Credit Insurance (And Trade Debtors)</b> To cover the risks of trade debtors failing to pay debts due to their insolvency or protracted default</p>		✓
<p><b>Extortion</b> Insurance in this category includes kidnap, ransom and product tampering</p>		✓
<p><b>Growing Crops</b> A special form on insurance for crops. (Growing crops are excluded from Material Damage policies)</p>		✓
<p><b>Law Safe at Work</b> Legal defence of criminal , serious traffic charges and other matters in respect of Police and other charges brought against employees of the insured whilst in or about their work.</p>		✓
<p><b>Livestock</b> A special form of cover for livestock. (Livestock is excluded from Material Damage policies)</p>		✓
<p><b>Political Risk</b> To cover overseas assets and contracts against loss arising from confiscation, expropriation or nationalization</p>		✓
<p><b>Travel</b> Special policies which include cover for baggage, medical costs, and other travel related risks</p>		✓

## 5 Service Team

A key feature of the CLRP service plan is that we appoint a team of professionals to provide integrated service in a coordinated manner. The coordination is provided through a dedicated Core Client Management team. This comprises senior executives who understand your operation. Our team will always consist of well qualified, professional service personnel.

The following chart illustrates our proposed service structure.



It is intended that your business will be serviced by the above executives who are based in our Christchurch office. In addition to the nominated personnel, the full support of other staff will be available at all times. For example, our Placement Services division will assist with insurer marketing, an important aspect of our service, which will ensure that the best premium and coverage outcomes are achieved from insurance markets at all times. Charlotte Campbell is also available to provide assistance on personal lines insurances to ensure that the best service is available to Managers, executives and staff.

## 6 Insurers Security

Insurance Companies (Rating and Inspections) Act Schedule of Ratings and Notice of Election Not to be Rated for New Zealand Insurers

Name of Insurer	Registered Ratings	Ratings Registration Date	Rating Agency
Civic Assurance	B++	n/a	AM Best
NZI, a division of IAG NZ	AA-	3 November 2011	Standard & Poors
QBE Insurance (International) LTD	A+	5 December 2011	Standard & Poors

Explanation of Ratings – Correlation between Agencies

The rating scale of A M Best is:

	Secure Ratings		Vulnerable Ratings
A++, A+	Superior	C, C-	Weak
A, A-	Excellent	D	Poor
B++, B+	Very Good	E	Under Regulatory Supervision
B, B-	Fair	F	In Liquidation
C++, C+	Marginal		

The rating scale of Standard & Poor's is:

	Secure Ratings		Vulnerable Ratings
AAA	Extremely Strong	BB	Marginal
AA	Very Strong	B	Weak
A	Strong	CCC	Very Weak
BBB	Good	R	Regulatory Action

Notes:

#### Overseas Insurers

1. If an insurer does not transact business in New Zealand (an overseas insurer) it is not compelled by New Zealand law to have a rating and in many instances no rating is known to us. An overseas insurer is one which is not a registered company either as a subsidiary or as a branch in New Zealand.
2. If there is a single overseas insurer on your policy and a rating is known to us we must disclose it.
3. If there is more than one overseas insurer on your policy the Insurance Companies Ratings and Inspections Act (1994) does not require any disclosure of their ratings.

CLRP does not guarantee or make representations regarding the financial security of any insurance companies which we transact business on behalf of our clients.

## 7 Duty of Disclosure

You have a common law duty to disclose all material facts before entering into or renewing or altering a contract of insurance. If any material facts are not disclosed, or if the facts are misrepresented, the insurance could be rendered void.

A material fact is defined in the Insurance Law Reform Act as one that would influence a prudent insurer in deciding whether to accept the risks for insurance and, if so, on what terms.

Whilst your common law duty of disclosure applies only before each contract is entered into, renewed or changed, some policies contain a condition that continues the duty throughout the period of insurance.

Your duty of disclosure does not include facts which are common knowledge, nor does it include the facts of which your insurer is already aware or, in the ordinary course of business, ought to be aware. If in doubt, it is safer to disclose information than to conceal it.

Because of its importance, we recommend that the duty of disclosure be impressed upon all management and senior staff.

In order to remain fully protected it is essential that any changes  
in risk or business developments are notified to us promptly

Examples of changes or developments which need to be notified are:

- Acquisition of new properties
- Alterations or additions to existing buildings or plant (in excess of capital additions limit)
- Changes in occupancy, or process of manufacture
- Alterations in type, quantity, or storage method of dangerous goods
- Installation, alteration or disconnection of fire or burglary protection system
- Removal of assets to new locations
- Arrangement of any new mortgage, debenture, or other lien on property
- Acquisition of controlling interests, or joint undertaking in another company
- Hire, lease or borrowing of equipment (inward or outside)
- Contractual liability, granting of indemnity, or "hold harmless" agreements
- Dependence on a new outside supplier or customer
- Changes in basis of shipping or air freightment
- New overseas markets
- Installation of pressure plant, or key machines
- Use of private aircraft, or watercraft

Tenders and major expansions:

Submit details in advance for advice on insurance ramifications.

Claim

Any circumstances likely to give rise to a claim should be reported immediately.

#### Hold Harmless Agreements

If you should waive a right of recovery by signing a contract containing a "hold harmless" clause or other form of waiver, your insurers will be unable to exercise subrogation. Consequently, the waiver might be regarded as a material fact which, if not disclosed to your insurers, could result in your insurance being rendered void.

Some (but not all) policies contain a clause that permits certain kinds of waiver without having to disclose them individually. Before signing any contract that contains a "hold harmless" clause or other form of waiver, we advise you to refer to your servicing broker to check on the insurance implications. This applies in particular to the kind of waiver whereby other parties are relieved of liability for their own negligence.

Full name of financial adviser(s):	Dennis Sanders Murray Taylor Scott Carberry Jan Colenso Dan Rosser Chris Pyle Melissa Cross Karl Samson Storm McVay Corinne Price Michelle Robb Rozeta Walkerden Peta Henderson Katherine Snook Sarah Crofts Charlotte Campbell Fraser Macandrew Lance Ryan Paul Meehan	<a href="mailto:dennis.sanders@crombielockwood.co.nz">dennis.sanders@crombielockwood.co.nz</a> <a href="mailto:murray.taylor@crombielockwood.co.nz">murray.taylor@crombielockwood.co.nz</a> <a href="mailto:scott.carberry@crombielockwood.co.nz">scott.carberry@crombielockwood.co.nz</a> <a href="mailto:jan.colenso@crombielockwood.co.nz">jan.colenso@crombielockwood.co.nz</a> <a href="mailto:dan.rosser@crombielockwood.co.nz">dan.rosser@crombielockwood.co.nz</a> <a href="mailto:chris.pyle@crombielockwood.co.nz">chris.pyle@crombielockwood.co.nz</a> <a href="mailto:melissa.cross@crombielockwood.co.nz">melissa.cross@crombielockwood.co.nz</a> <a href="mailto:karl.samson@crombielockwood.co.nz">karl.samson@crombielockwood.co.nz</a> <a href="mailto:storm.mcvay@crombielockwood.co.nz">storm.mcvay@crombielockwood.co.nz</a> <a href="mailto:corinne.price@crombielockwood.co.nz">corinne.price@crombielockwood.co.nz</a> <a href="mailto:michelle.robb@crombielockwood.co.nz">michelle.robb@crombielockwood.co.nz</a> <a href="mailto:rozeta.walkerden@crombielockwood.co.nz">rozeta.walkerden@crombielockwood.co.nz</a> <a href="mailto:peta.henderson@crombielockwood.co.nz">peta.henderson@crombielockwood.co.nz</a> <a href="mailto:katherine.snook@crombielockwood.co.nz">katherine.snook@crombielockwood.co.nz</a> <a href="mailto:sarah.crofts@crombielockwood.co.nz">sarah.crofts@crombielockwood.co.nz</a> <a href="mailto:charlotte.campbell@crombielockwood.co.nz">charlotte.campbell@crombielockwood.co.nz</a> <a href="mailto:fraser.macandrew@crombielockwood.co.nz">fraser.macandrew@crombielockwood.co.nz</a> <a href="mailto:lance.ryan@crombielockwood.co.nz">lance.ryan@crombielockwood.co.nz</a> <a href="mailto:paul.meehan@crombielockwood.co.nz">paul.meehan@crombielockwood.co.nz</a>
Business Address:	Level 1, 359 Lincoln Road, Addington, Christchurch	
Trading name:	Crombie Lockwood	
Telephone number:	03 335 3060	Fax number: 03 339 5290
This disclosure statement was prepared on:	19 June 2014	

It is important that you read this document

This information will help you to choose a financial adviser that best suits your needs. It will also provide some useful information about the financial adviser that you choose.

What sort of adviser am I?

I am a registered, but not authorised, financial adviser.

I can give you advice about:

Risk and insurance products excluding investment linked insurance contracts as defined in the Financial Advisers Act 2008.

What should you do if something goes wrong?

If you have a problem, concern, or complaint about any part of my service, please tell me or my manager so that I/my manager can try to fix the problem.

You can also contact our internal Feedback & Complaints Committee (FCC) by emailing [fcc@crombielockwood.co.nz](mailto:fcc@crombielockwood.co.nz). If we cannot agree on how to fix the issue or if you decide not to use this internal complaints process, you can contact Financial Complaints Services Ltd (FSCL) via:

Phone: 0800 347257	Fax: (04) 472 3728	Email: <a href="mailto:info@fscf.org.nz">info@fscf.org.nz</a>	Post: PO Box 5967 Lambton Quay Wellington 6145
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This service will cost you nothing, and will help us resolve any disagreements.

How am I regulated by the Government?

**APPENDIX 5a: HAP INTERIM REPORT FOR THE PERIOD  
ENDED 31 DEC 2013**



**HALF YEARLY REPORT**

**Hokitika Airport Ltd**

**For The 6 Months Ended 31 December 2013**

## **Hokitika Airport Limited**

### **DIRECTORS REPORT**

The Directors of Hokitika Airport Ltd hereby present the unaudited Half Yearly Report for the six months ended 31 December 2013.

#### **Principal Activities**

The Company's principal activities during the period were:

- Operation of Aerodrome at Hokitika Airport;
- Management of Land & Buildings surrounding the Airport as Landlord;
- Operation of Helipads at Franz Josef

#### **Financial Results**

The main points of the half yearly report to 31 December 2013 are: -

- Both Revenue & Profits are consistent with Budget
- Cashflows from operations of \$59K

#### **Dividend**

No dividend has been declared for the period ended 31 December 2013

For and on behalf of the Board



Linda Robinson  
Director

*28 February 2014*



## STATEMENT OF COMPREHENSIVE INCOME

For the period 1 July 2013 to 31 December 2013

	2013 \$000	Budget \$000	2012 \$000
<b>Revenue</b>			
Lease Receipts	142	138	109
Services	167	162	179
	<u>309</u>	<u>301</u>	<u>288</u>
<b>Less Expenditure</b>			
Administrative Expenses	151	144	120
Depreciation	55	55	30
Repairs & Maintenance	29	28	28
	<u>235</u>	<u>227</u>	<u>178</u>
Other Income	-	-	-
<b>Results from Operations</b>	<b>74</b>	<b>74</b>	<b>110</b>
Interest Received	-	-	-
Interest Paid	9	11	7
<b>Net finance cost/(income)</b>	<u>9</u>	<u>11</u>	<u>(7)</u>
Profit before Income Tax	65	63	103
Income tax expense	18	19	-
<b>Profit for the period</b>	<u>47</u>	<u>44</u>	<u>103</u>
Other Comprehensive Income	-	-	-
<b>Total Comprehensive Income</b>	<u>47</u>	<u>44</u>	<u>103</u>



## BALANCE SHEET

as at 31 December 2013

	Note	31 Dec'13 \$000	31 Dec'12 \$000
<b>EQUITY</b>			
Share capital		2,718	2,718
Retained Earnings Brought Forward		(80)	(131)
Current Period Net Profit/(Loss) after Tax		47	103
		<u>2,685</u>	<u>2,690</u>
represented by:			
<b>CURRENT ASSETS</b>			
Cash & Cash Equivalents		34	32
Trade and other Receivables		60	70
		<u>94</u>	<u>102</u>
<b>CURRENT LIABILITIES</b>			
Trade and other Payables		78	7
Current Portion of Term Loan		66	32
Income in Advance		6	1
Tax Payable		26	-
		<u>176</u>	<u>40</u>
<b>WORKING CAPITAL</b>		(82)	62
<b>NON-CURRENT ASSETS</b>			
Fixed assets	1	3,321	3,048
		<u>3,321</u>	<u>3,048</u>
<b>NON-CURRENT LIABILITIES</b>			
Deferred Tax Liability		291	278
Term Loan		263	142
		<u>554</u>	<u>420</u>
		<u>2,685</u>	<u>2,690</u>



## STATEMENT OF CASH FLOWS

For the period ended 31 December 2013

	Note	2013 \$000	2012 \$000
<b><u>Cash Flows from Operating Activities</u></b>			
<i>Cash was provided from:</i>			
Receipts from customers and other sources		287	305
Interest received		-	-
<b>Total Cash Inflows from Operating Activities</b>		<b>287</b>	<b>305</b>
<i>Cash was disbursed to:</i>			
Payments to employees and suppliers		215	219
Interest paid		9	5
Income taxes paid		4	-
<b>Total Cash Outflows from Operating Activities</b>		<b>228</b>	<b>224</b>
<b>Net Cash Inflow from Operating Activities</b>	<b>2</b>	<b>59</b>	<b>81</b>
<i>Cash was applied to:</i>			
Purchase of property plant & equipment		60	59
<b>Total Cash Outflows from Investing Activities</b>		<b>60</b>	<b>59</b>
<b>Net Cash Inflow/(Outflow) from Investing Activities</b>		<b>( 60)</b>	<b>( 59)</b>
<b><u>Cash Flows from Financing Activities</u></b>			
<i>Cash was applied to:</i>			
Loan Advances/Repayments		18	15
<b>Total Cash Outflows from Financing Activities</b>		<b>18</b>	<b>15</b>
<b>Net Cash Inflow from Financing Activities</b>		<b>( 18)</b>	<b>( 15)</b>
Net (decrease)/increase in cash & cash equivalents		( 19)	7
Cash & cash equivalents at 1 July		53	25
<b>Cash &amp; cash equivalents at 31 December</b>		<b>34</b>	<b>32</b>
<i>Made up of:</i>			
Bank current accounts		34	32
Bank overdraft		-	-
		<b>34</b>	<b>32</b>

## Hokitika Airport Limited

### NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS ENDED 31 DECEMBER 2013

#### 1. FIXED ASSETS

	Dec 13 \$000
Land & Buildings	1,465
Less accumulated depreciation	<u>302</u> 1,163
Runways	2,400
Less accumulated depreciation	<u>312</u> 2,088
Plant & Equipment	97
Less accumulated depreciation	<u>51</u> 46
Office Equipment	23
Less accumulated depreciation	<u>14</u> 8
Under Construction	15
Total Fixed Assets	<u>3,321</u>

## Hokitika Airport Ltd

### 2. RECONCILIATION OF NET PROFIT AFTER TAXATION WITH CASH INFLOW FROM OPERATING ACTIVITIES

	Dec 13 \$000	Dec 12 \$000
<b>Reported surplus after taxation</b>	<b>47</b>	<b>103</b>
Add(less) non cash items:		
Depreciation	55	30
Loss (Gain) on Disposal	<u>-</u>	<u>-</u>
	<b>102</b>	<b>133</b>
Movement in working capital:		
Movement in tax	14	-
Increase (decrease) in Accounts Payable & Income in advance	(50)	(69)
(Increase) decrease in Receivables & Prepayments	<u>(7)</u>	<u>17</u>
	<b>(43)</b>	<b>(52)</b>
<b>Net cash inflow from operating activities</b>	<b><u>59</u></b>	<b><u>81</u></b>



## **HALF YEARLY REPORT**

**Westland District Property Ltd**

**For The 6 Months Ended 31 December 2013**

## DIRECTORS REPORT

The Directors of Westland District Property Ltd hereby present the unaudited Half Yearly Report for the six months ended 31 December 2013.

### Principal Activities

The Company's principal activity during the period was property management.

### Financial Results

The main points of the half yearly report to 31 December 2013 are:

- Revenue up \$17K on budget
- Net Profit before tax down \$249K on budget
- Cashflows from operations of \$125K
- Disposal of 2 blocks of land resulting in a combined loss on the sale of \$113K.
  - o Notes: \$24k of this loss relates to the year ended June 2013 and will need to be addressed with the Auditor.

The balance loss on sale is a result of the apportioning of costs to date of the development at 3 mile. The major component of these losses were costs of obtaining resource consent.

### Dividend

No dividend has been declared for the period ended 31 December 2013

For and on behalf of the Board



Graeme Purches  
Chairman

28 February 2014



# Westland properties

## STATEMENT OF COMPREHENSIVE INCOME

For the period 1 July 2013 to 31 December 2013

	2013 \$000	Budget \$000	2012 \$000
<b>Revenue</b>			
Lease & Licences Receipts	342	330	499
Services	125	120	280
	<b>467</b>	<b>450</b>	<b>779</b>
<b>Less Expenditure</b>			
Administrative Expenses	322	252	575
Occupancy Expenses	177	138	139
Depreciation	17	5	5
Loss on Disposal	113	-	-
	<b>629</b>	<b>395</b>	<b>719</b>
<b>Results from Operations</b>	<b>( 162)</b>	<b>55</b>	<b>60</b>
Interest Received	-	-	-
Interest Paid	32	-	4
<b>Net finance cost/(income)</b>	<b>32</b>	<b>-</b>	<b>4</b>
Profit before Income Tax	( 194)	55	56
Income tax expense	( 48)	15	16
<b>Profit for the period</b>	<b>( 146)</b>	<b>40</b>	<b>40</b>
Other Comprehensive Income	-	-	-
<b>Total Comprehensive Income</b>	<b>( 146)</b>	<b>40</b>	<b>40</b>



# Westland properties

<b>BALANCE SHEET</b> <b>as at 31 December 2013</b>
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	Note	31 Dec'13 \$000	31 Dec'12 \$000
<b>EQUITY</b>			
Share capital		2,627	2,627
Retained Earnings Brought Forward		(157)	18
Current Period Net Profit/(Loss) after Tax		(146)	40
		<u>2,324</u>	<u>2,685</u>
represented by:			
<b>CURRENT ASSETS</b>			
Cash & Cash Equivalents		147	104
Prepayments		-	5
Trade and other Receivables		56	249
Tax Refundable		48	-
Work in Progress		85	-
		<u>336</u>	<u>358</u>
<b>CURRENT LIABILITIES</b>			
Trade and other Payables		399	311
Accrued Interest		-	4
Income in Advance		18	20
Subvention Payment Payable		12	24
Tax Payable		-	16
Current Portion Term Loan		950	-
WDC Advance		49	100
		<u>1,428</u>	<u>475</u>
<b>WORKING CAPITAL</b>		<b>(1,092)</b>	<b>(117)</b>
<b>NON-CURRENT ASSETS</b>			
Investment Property		1,705	1,718
Fixed assets	1	1,024	282
Deferred tax benefit		104	28
Term Inventory		583	774
		<u>3,416</u>	<u>2,802</u>
		<u>2,324</u>	<u>2,685</u>



# Westland properties

## STATEMENT OF CASH FLOWS For the period ended 31 December 2013

	Note	2013 \$000	2012 \$000
<b>Cash Flows from Operating Activities</b>			
<i>Cash was provided from:</i>			
Receipts from customers and other sources		455	580
Sale of Development Land		200	-
Interest received		-	-
<b>Total Cash Inflows from Operating Activities</b>		<b>655</b>	<b>580</b>
<i>Cash was disbursed to:</i>			
Payments to employees and suppliers		448	527
Purchase & development land costs		58	5
Interest paid		24	-
Income taxes paid		-	-
<b>Total Cash Outflows from Operating Activities</b>		<b>530</b>	<b>532</b>
<b>Net Cash Inflow from Operating Activities</b>	2	<b>125</b>	<b>48</b>
<b>Cash Flows from Investing Activities</b>			
<i>Cash was provided from:</i>			
Sale of property plant & equipment		20	-
<b>Total Cash Inflows from Investing Activities</b>		<b>20</b>	<b>-</b>
<i>Cash was applied to:</i>			
Purchase of property plant & equipment		48	44
<b>Total Cash Outflows from Investing Activities</b>		<b>48</b>	<b>44</b>
<b>Net Cash Inflow/(Outflow) from Investing Activities</b>		<b>( 28 )</b>	<b>( 44 )</b>
<b>Cash Flows from Financing Activities</b>			
<i>Cash was provided from:</i>			
Loan Advances		100	100
<b>Total Cash Inflows from Financing Activities</b>		<b>100</b>	<b>100</b>
<i>Cash was applied to:</i>			
Loan Advances/Repayments		75	-
<b>Total Cash Outflows from Financing Activities</b>		<b>75</b>	<b>-</b>
<b>Net Cash Inflow from Financing Activities</b>		<b>25</b>	<b>100</b>
Net (decrease)/increase in cash & cash equivalents		122	104
Cash & cash equivalents at 1 July		25	-
<b>Cash &amp; cash equivalents at 31 December</b>		<b>147</b>	<b>104</b>
<i>Made up of:</i>			
Bank current accounts		147	104
Bank overdraft		-	-
		<b>147</b>	<b>104</b>

## **Westland District Property Ltd**

### **STATEMENT OF ACCOUNTING POLICIES FOR THE 6 MONTHS ENDED 31 DECEMBER 2013**

#### **REPORTING ENTITY**

Westland District Property Limited is registered under the Companies Act 1993. Westland District Property Limited is wholly owned by Westland Holdings Limited.

The company is a Council Controlled Trading Organisation as defined in Section 6(1) of the Local Government Act 2002.

The financial statements of Westland District Property Limited have been prepared in accordance with the requirements of the Companies Act 1993, the Financial Reporting Act 1993, and the Local Government Act 2002.

#### **MEASUREMENT BASE**

The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on a historical basis are followed by the Company, with the exception of certain items for which specific accounting policies are identified.

#### **ACCOUNTING POLICIES**

Accounting Policies are consistent with those published in annual Financial Statements. Interim Financial Statements are prepared in accordance with Financial Reporting Standard no. 24 except that investment properties have not been revalued during this period.

#### **CHANGES IN ACCOUNTING POLICIES**

There have been no changes in accounting policies. All policies have been applied consistently during the period.

## Westland District Property Ltd

### NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS ENDED 31 DECEMBER 2013

#### 1. FIXED ASSETS

	Group Dec 13 \$000	Group Dec 12 \$000
Land & Buildings	974	233
Less accumulated depreciation	<u>12</u> 962	<u>1</u> 232
Plant & Equipment	50	29
Less accumulated depreciation	<u>10</u> 40	<u>1</u> 28
Office Furniture and Equipment	18	9
Less accumulated depreciation	<u>6</u> 11	<u>2</u> 7
Motor Vehicles	13	17
Less accumulated depreciation	<u>2</u> 11	<u>2</u> 15
Total Fixed Assets	<u>1,024</u>	<u>282</u>

## Westland District Property Ltd

### 2. RECONCILIATION OF NET PROFIT AFTER TAXATION WITH CASH INFLOW FROM OPERATING ACTIVITIES

	Group Dec 13 \$000	Group Dec 12 \$000
<b>Reported surplus after taxation</b>	<b>(146)</b>	<b>40</b>
Add(less) non cash items:		
Depreciation	17	5
Loss (Gain) on Disposal	<u>24</u>	<u>-</u>
	<b>(105)</b>	<b>45</b>
Movement in working capital:		
Movement in tax	(48)	16
Increase (decrease) in Accounts Payable & Income in advance	27	189
Increase (decrease) in Accrued Interest	(8)	4
(Increase) decrease in Receivables & Prepayments	8	(201)
(Increase) decrease in Work In Progress	20	-
(Increase) decrease in Term Inventory	<u>231</u>	<u>(5)</u>
	<b>230</b>	<b>3</b>
<b>Net cash inflow from operating activities</b>	<b><u>125</u></b>	<b><u>48</u></b>



## **HALF YEARLY REPORT**

### **WESTROADS LIMITED (GROUP)**

**For The 6 Months Ended 31 December 2013**

## **Westroads Limited (Group)**

### **DIRECTORS REPORT**

The Directors of Westroads Ltd (Group) hereby present the unaudited Half Yearly Report for the six months ended 31 December 2013.

#### **Principal Activities**

The Company & Group's principal activities during the year were Roading Maintenance, Urban Works, Bridge and Building Maintenance and the supply of Crushed Metal and Aggregate.

#### **Financial Results**

The main points of the half yearly report to 31 December 2013 are: -

- Group Revenue up \$340K on budget
- Net Profit before tax down \$266K on budget
- Cashflows from operations of \$102K

Margins have been much tighter for the first six months, with reductions in both external works and Westland District Council's spending. Revenue was up, but this relates to the gaining of the Grey District Roading contract.

The drop in work from our major customer, the Westland District Council, will have an on-going impact on our bottom line. Westland District Council's Roading contract has expired. This is a major source of work in Hokitika and the outlook is uncertain until we have secured this again.

The second half of the year will show a much improved result due to increased external work that has been secured.

#### **Dividend**

The directors will approve an interim dividend at the meeting on 28 February.

For and on behalf of the Board



**M J Havill**  
Chairman

**27 February 2014**

## **Westroads Limited (Group)**

### **STATEMENT OF ACCOUNTING POLICIES FOR THE 6 MONTHS ENDED 31 DECEMBER 2013.**

#### **REPORTING ENTITY**

Westroads Limited is registered under the Companies Act 1993. Westroads Limited is wholly owned by Westland Holdings Limited.

The company is a Council Controlled Trading Organisation as defined in Section 6(1) of the Local Government Act 2002.

The financial statements of Westroads Limited have been prepared in accordance with the requirements of the Companies Act 1993, the Financial Reporting Act 1993, and the Local Government Act 2002.

The Consolidated financial statements are those of Westroads Limited including its fully owned subsidiary Westroads Greymouth Limited.

#### ***MEASUREMENT BASE***

The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on a historical basis are followed by the Company, with the exception of certain items for which specific accounting policies are identified.

#### **ACCOUNTING POLICIES**

Accounting Policies are consistent with those published in annual Financial Statements except the treatment of the provision of employee entitlements which not split and is reported treated as current liability only. Interim Financial Statements are prepared in accordance with Financial Reporting Standard no. 24

#### **CHANGES IN ACCOUNTING POLICIES**

Other than mentioned above, there have been no changes in accounting policies. All policies have been applied consistently during the period



**WESTROADS LTD**  
**STATEMENT OF COMPREHENSIVE INCOME**  
For the period 1 July 2013 to 31 December 2013

	Group 2013 \$000	Group Budget \$000	Group 2012 \$000
Revenue	6,390	6,050	6,242
Cost of Sales	5,068	4,650	4,375
<b>Gross Profit</b>	<b>1,322</b>	<b>1,400</b>	<b>1,867</b>
Other Income	102	15	73
Administrative Expenses	1,191	950	1,167
<b>Results from operations</b>	<b>233</b>	<b>465</b>	<b>773</b>
Interest Received	2	-	4
Interest Paid	101	65	76
<b>Net finance costs</b>	<b>99</b>	<b>65</b>	<b>72</b>
Profit before Income Tax	134	400	701
Income tax expense	38	112	196
<b>Profit for the period</b>	<b>96</b>	<b>288</b>	<b>505</b>
Other Comprehensive Income	-	-	-
<b>Total Comprehensive Income</b>	<b>96</b>	<b>288</b>	<b>505</b>



# WESTROADS LTD

## BALANCE SHEET

as at 31 December 2013

	Note	Group 31 Dec'13 \$000	Group 31 Dec '12 \$000
<b>EQUITY</b>			
Share capital		1,385	1,385
Current Period Dividends Paid or Provided		(195)	(360)
Retained Earnings Brought Forward		4,153	3,896
Current Period Net Profit/(Loss) after Tax		96	505
		<u>5,439</u>	<u>5,426</u>
represented by:			
<b>CURRENT ASSETS</b>			
Bank current account		39	-
Receivables		1,475	1,285
Prepayments		80	65
Tax Refundable		37	41
Inventory		339	440
Work in Progress		372	143
		<u>2,342</u>	<u>1,974</u>
<b>CURRENT LIABILITIES</b>			
Bank Overdraft		139	110
Bank Flexible Facility		1,610	600
Accounts payable and accruals		666	446
Current Portion Term Loans		307	332
Provision for Dividend Payable		195	-
Subvention Payment Payable		120	150
Tax Payable		71	140
Employee entitlements		758	719
		<u>3,866</u>	<u>2,497</u>
<b>WORKING CAPITAL</b>		<u>(1,524)</u>	<u>(523)</u>
<b>NON-CURRENT ASSETS</b>			
Fixed assets	1	7,474	6,799
Term Inventory		266	262
Deferred tax benefit		32	2
		<u>7,772</u>	<u>7,063</u>
<b>INTANGIBLE ASSETS</b>			
Goodwill		-	3
Mining Licences		-	9
		<u>-</u>	<u>12</u>
<b>NON-CURRENT LIABILITIES</b>			
Term Loan		809	1,126
		<u>809</u>	<u>1,126</u>
		<u>5,439</u>	<u>5,426</u>



## WESTROADS LTD STATEMENT OF CASHFLOWS

For the period 1 July 2013 to 31 December 2013

	Note	Group 2013 \$000	Group 2012 \$000
<b><u>Cash Flows from Operating Activities</u></b>			
<i>Cash was provided from:</i>			
Receipts from customers and other sources		5,805	6,641
Interest received		2	4
<b>Total Cash Inflows from Operating Activities</b>		<b>5,807</b>	<b>6,645</b>
<i>Cash was disbursed to:</i>			
Payments to employees and suppliers		5,513	5,492
Income taxes paid		87	176
Purchase of term inventory		4	42
Interest paid		101	78
<b>Total Cash Outflows from Operating Activities</b>		<b>5,705</b>	<b>5,788</b>
<b>Net Cash Inflow from Operating Activities</b>	2	<b>102</b>	<b>859</b>
<b><u>Cashflows from Financing Activities</u></b>			
<i>Cash was provided from:</i>			
Proceeds of Bank Advances		1,310	600
<b>Total Cash Inflows from Financing Activities</b>		<b>1,310</b>	<b>600</b>
<i>Cash was applied to:</i>			
Repayment of Loans		178	180
Dividends paid		-	360
<b>Total Cash Outflows from Financing Activities</b>		<b>178</b>	<b>540</b>
<b>Net Cash Inflow/(Outflow) from Financing Activities</b>		<b>1,132</b>	<b>60</b>
<b><u>Cashflows to Investing Activities</u></b>			
<i>Cash was provided from:</i>			
Proceeds from sale of property, plant and equipment		500	129
<b>Total Cash Inflows from Investing Activities</b>		<b>500</b>	<b>129</b>
<i>Cash was applied to:</i>			
Purchase of property, plant and equipment		1,946	1,167
<b>Total Cash Outflows from Investing Activities</b>		<b>1,946</b>	<b>1,167</b>
<b>Net Cash Outflow from Investing Activities</b>		<b>(1,446)</b>	<b>(1,038)</b>
<b>Net Decrease in Cash Held</b>		<b>(212)</b>	<b>(119)</b>
Cash & cash equivalents at 1 July		112	9
<b>Cash &amp; cash equivalents at 31 December</b>		<b>(100)</b>	<b>(110)</b>

## Westroads Limited (Group)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS ENDED 31 DECEMBER 2013

#### 1. FIXED ASSETS

	Group Dec 13 \$000	Group Dec 12 \$000
Building Improvements	1,192	1,188
Less accumulated depreciation	<u>(261)</u> 931	<u>(226)</u> 962
Plant, Equipment & Motor Vehicles	12,797	11,703
Less accumulated depreciation	<u>(6,315)</u> 6,482	<u>(5,934)</u> 5,769
Office Furniture and Equipment	334	316
Less accumulated depreciation	<u>(280)</u> 54	<u>(254)</u> 62
Buildings under Construction	6	6
<b>Total Fixed Assets</b>	<u><b>7,474</b></u>	<u><b>6,799</b></u>

## Westroads Limited (Group)

### 2. RECONCILIATION OF NET PROFIT AFTER TAXATION WITH CASH INFLOW FROM OPERATING ACTIVITIES

	Group Dec 13 \$000	Group Dec 12 \$000
<b>Reported surplus after taxation</b>	<b>96</b>	<b>505</b>
Add(less) non cash items:		
Depreciation	645	591
Loss (Gain) on Disposal	<u>(96)</u>	<u>(68)</u>
	<b>646</b>	<b>1,028</b>
Movement in working capital:		
Movement in tax	25	21
Increase (decrease) in Accounts Payable & Employee Provisions & Income in advance	48	(466)
(Increase) decrease in Receivables, Prepayments & Work in Progress	(646)	337
(Increase) decrease in inventory	<u>79</u> <b>(544)</b>	<u>(61)</u> <b>(169)</b>
<b>Net cash inflow from operating activities</b>	<b><u>102</u></b>	<b><u>859</u></b>