WESTROADS GREYMOUTH LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of Westroads Greymouth Limited's financial statements and statement of service performance for the year ended 30 June 2014

The Auditor-General is the auditor of Westroads Greymouth Limited (the company). The Auditor-General has appointed me, Bede Kearney, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and statement of service performance of the company on her behalf.

We have audited:

- the financial statements of the company on pages 8 to 11 and 13 to 28, that comprise the balance sheet as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and

- the statement of service performance of the company on page 12.

Opinion

Financial statements and statement of service performance

In our opinion:

- the financial statements of the company on pages 8 to 11 and 13 to 28:
    - comply with generally accepted accounting practice in New Zealand;
    - give a true and fair view of the company's:
        - financial position as at 30 June 2014;
        - financial performance and cash flows for the year ended on that date;
- the statement of service performance of the company on page 12:
    - complies with generally accepted accounting practice in New Zealand; and
    - gives a true and fair view of the company's service performance achievements measured against the performance targets adopted for the year ended 30 June 2014.

Other legal requirements

In accordance with the Financial Reporting Act 1993 we report that, in our opinion, proper accounting records have been kept by the company as far as appears from an examination of those records.

Our audit was completed on 26 September 2014. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities, and explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and statement of service performance are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and statement of service performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and statement of service performance. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and statement of service performance whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the company's financial statements and statement of service performance that give a true and fair view of the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board of Directors;
- the adequacy of all disclosures in the financial statements and statement of service performance; and
- the overall presentation of the financial statements and statement of service performance.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of service performance.

In accordance with the Financial Reporting Act 1993, we report that we have obtained all the information and explanations we have required. We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Board of Directors

The Board of Directors is responsible for preparing financial statements and a statement of service performance that:

- comply with generally accepted accounting practice in New Zealand;
- give a true and fair view of the company's financial position, financial performance and cash flows; and
- give a true and fair view of its service performance.

The Board of Directors is responsible for such internal control as it determines is necessary to enable the preparation of financial statements and a statement of service performance that are free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for the publication of the financial statements and statement of service performance, whether in printed or electronic form.

The Board of Directors' responsibilities arise from the Local Government Act 2002 and the Financial Reporting Act 1993.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and section 69 of the Local Government Act 2002.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

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

Bede Kearney
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

DIRECTORY

- **DIRECTORS**

Chairman :	Durham Havill
Director :	Peter Cuff
Director :	Bryce Thomson
Director :	Maurice Fahey

- **REGISTERED OFFICE**

Flower Street Extn, Blaketown, Greymouth

PO Box 488 Greymouth

Phone 03 768 7042

Fax 03 768 9888

- **AUDITOR**

Audit New Zealand on behalf of the Controller & Auditor-General

- **BANKERS**

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

- **SOLICITORS**

Carruthers & Wetherall, Guinness St, Greymouth

DIRECTORS' REPORT & DECLARATION

FOR THE YEAR ENDED 30 JUNE 2014

The Directors of Westroads Greymouth Limited have pleasure in presenting the Annual Report together with the audited financial statements of the Company's operations for the year ended 30 June 2014.

Westroads Greymouth Limited was founded in May 1996 and commenced operation on 01 July 1996 under the name of Central Westland Services Ltd. On the 16th January 1998 the Company was sold to Westroads Limited, a wholly owned company of the Westland District Council. On 21 September 2001 the Company purchased a crushed metal and aggregate plant to expand its income base.

PRINCIPAL ACTIVITIES

The Company's principal activities during the year were:

- Maintenance and construction of general contracting works including roading, bridges, traffic services, footpaths, kerb and channel, cycleways and parking facilities;
- Maintenance, operation and development of water treatment and distribution systems;
- Maintenance, operation and development of sewerage collection and treatment systems;
- Maintenance and establishment of stormwater collection and treatment systems;
- Maintenance and development of parks, reserves and cemeteries;
- Maintenance and operation of the Greymouth flood protection scheme;
- Maintenance of townships including landscaping, sculptures, fountains, garden plots, median islands and public conveniences;
- Manufacture and supply of aggregates & crushed metals.

DIRECTORS' REPORT

REVIEW OF OPERATIONS

Results for the Year Ended 30 June 2014	**$000**
Net Profit/(Loss) before Taxation	101
Income Taxation	33
Net Profit/(Loss) after Taxation	68
Other Comprehensive Income	530
Deferred Taxation on Comprehensive Income	(32)
Total Other Comprehensive Income	498
Movements in Equity	
Equity (opening balance)	1,394
Profit/(Loss) after Taxation	68
Total Other Comprehensive Income	498
Equity (closing balance)	1,961

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There has been no significant change in the state of affairs of the company in the year under review.

DIRECTORS' INTERESTS

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

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

DIRECTORS' REPORT

DIRECTORS

Retirement and appointment of directors for the year were as follows:

Retirement

Nil

Appointment

Nil

REMUNERATION OF DIRECTORS

There were no payments or other benefits paid or due and payable to directors during the year.

REMUNERATION OF EMPLOYEES

There was one employee whose remuneration and benefits package was in the band of $110,000-$120,000. There were no other employees or former employees whose remuneration and benefits package was more than $100,000 during the year.

INDEMNITY AND INSURANCE

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

DONATIONS

The total amount of donations made by the company during the year is $Nil

AUDITORS

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

DIRECTORS' DECLARATION

In the opinion of the directors of Westroads Greymouth Ltd, the financial statements and notes on pages 8 to 28

- comply with New Zealand generally accepted accounting practice and give a true and fair view of the financial position of the Company as at 30 June 2014 and the results of their operations and cash flows for the year ended on that date
- Have been prepared using appropriate accounting policies, which have been consistently applied and supported by reasonable judgements and estimates.

The directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Company and facilitate compliance of the financial statements with the Financial Reporting Act 1993.

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

For and on behalf of the Board

D M J Havill (Chairperson)	P M Cuff (Director)
Date 26/9/14	Date 26/9/14

WESTROADS GREYMOUTH LIMITED
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2014

	Note	2013/14 $000	2012/13 $000
Revenue		6,117	4,669
Cost of Sales	5	4,820	3,820
Gross Profit		1,297	849
Other Income	4	79	80
Administrative Expenses	5	1,168	1,013
Results from operations		**208**	**(84)**
Interest Received		1	2
Interest Paid		108	102
Net finance costs		(107)	(100)
Profit/(Loss) before Income Tax		101	(184)
Income tax expense	6	32	(24)
Profit/(Loss) for the period		**69**	**(160)**
Other Comprehensive Income			
Gain on Land & Building Revaluation		530	-
Deferred Taxation on Revaluation	6	(32)	-
Total Other Comprehensive Income		**498**	-
Total Comprehensive Income		**567**	**(160)**

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

WESTROADS GREYMOUTH LIMITED

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2014

	Share Capital	Asset Revaluation Reserve	Retained Earnings	Total
Balance 1 July 2013	1,500		(106)	1,394
Profit/(Loss) for the period	-		69	69
Other comprehensive Income	-	530	-	530
Deferred Tax on Revaluation		(32)		(32)
Dividends to equity holders	-	-	-	-
Balance 30 June 2014	**1,500**	**498**	**(37)**	**1,961**
Balance 1 July 2012	*1,500*	-	*54*	*1,554*
Profit/(Loss) for the period			*(160)*	*(160)*
Other Comprehensive Income	-	-	-	-
Deferred Tax on Revaluation	-			
Dividends to equity holders	-	-	-	-
Balance 30 June 2013	*1,500*	-	*(106)*	*1,394*

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

WESTROADS GREYMOUTH LIMITED

BALANCE SHEET
as at 30 June 2014

	Note	30-Jun-14 $000	*30-Jun-13 $000*
EQUITY			
Share capital	7	1,500	*1,500*
Retained earnings		(37)	*(106)*
Asset revaluation reserve		498	*-*
		1,961	***1,394***
represented by:			
CURRENT ASSETS			
Bank current account		42	*184*
Trade and other receivables	8	632	*424*
Subvention payment receivable		-	*34*
Prepayments		2	*2*
Inventory	9	389	*397*
Work in progress		104	*27*
		1,169	*1,068*
CURRENT LIABILITIES			
Bank flexible facility	12	450	*300*
Current portion secured bank loans	12	226	*210*
Advances - Westroads Ltd	17	901	*708*
Trade and other payables		453	*352*
Employee entitlements	16	276	*228*
Taxation Payable		65	*-*
		2,371	*1,798*
WORKING CAPITAL		**(1,202)**	***(730)***
NON-CURRENT ASSETS			
Property Plant & Equipment	10	3,706	*2,911*
Intangible assets	11	-	*3*
Deferred tax benefit	6	15	*14*
		3,721	*2,928*
NON-CURRENT LIABILITIES			
Employee entitlements	16	108	*109*
Deferred tax liability	6	-	*-*
Secured bank loans	12	450	*695*
		558	*804*
		1,961	***1,394***

D M J Havill (Chairperson)
Date: 26/9/14

P M Cuff (Director)
Date: 26/9/14

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

WESTROADS GREYMOUTH LIMITED
STATEMENT OF CASH FLOWS
For the year ended 30 June 2014

	Note	2013/14 $000	*2012/13 $000*
Cash Flows from Operating Activities			
Cash was provided from:			
Receipts from customers and other sources		5,866	*5,001*
Interest received		1	*2*
Total Cash Inflows from Operating Activities		**5,867**	***5,003***
Cash was disbursed to:			
Payments to employees and suppliers		5,166	*4,313*
Interest Paid		108	*102*
Total Cash Outflows from Operating Activities		**5,274**	***4,415***
Net Cash Inflow from Operating Activities	21	**593**	***588***
Cash Flows from Investing Activities			
Cash was provided from:			
Advances - Westroads Ltd		193	*55*
Proceeds from sale of property, plant and equipment		201	*96*
Total Cash Inflows from Investing Activities		**394**	***151***
Cash was applied to:			
Purchase of property, plant & equipment		1,050	*725*
Total Cash Outflows from Investing Activities		**1,050**	***725***
Net Cash Flow from (to) Investing Activities		**(656)**	***(574)***
Cash Flows from Financing Activities			
Cash was provided from:			
Bank Advances		150	*300*
Total Cash Inflows from Financing Activities		**150**	***300***
Cash was applied to:			
Bank Advances		229	*198*
Dividends paid		-	*-*
Total Cash Outflows from Financing Activities		**229**	***198***
Net Cash Flow from (to) Financing Activities		**(79)**	***102***
Net (decrease)/increase in cash & cash equivalents		(142)	*116*
Cash & cash equivalents at 1 July		184	*68*
Cash & cash equivalents at 30 June		**42**	***184***
Made up of:			
Cash		42	*184*
Bank Overdraft		-	*-*
		42	***184***

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

WESTROADS GREYMOUTH LIMITED

STATEMENT OF SERVICE PERFORMANCE

For the year ended 30 June 2014

	Actual 2013/14 $000	*Target 2013/14 $000*
GROSS REVENUE	6,117	*5,000*
less Cost of Sales	4,820	*3,765*
GROSS PROFIT	1,297	*1,235*
plus Other Income	79	*40*
less Administrative Expenses	1,168	*965*
less Finance Costs	107	*120*
NET PROFIT/(LOSS) BEFORE TAXATION	101	*190*
Taxation Expense	32	*53*
NET SURPLUS/(LOSS) AFTER TAXATION	69	*137*
Other Comprehensive Income	498	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	567	*137*
EQUITY AT 1 JULY	1,394	*1,563*
DIVIDENDS	-	-
EARNINGS RETAINED	69	*137*
EQUITY AT 30 JUNE	1,961	*1,700*
RETURN ON AVERAGE SHAREHOLDERS FUNDS AFTER TAX	4.1%	*4.2%*
DIVIDENDS AS A PERCENTAGE OF AFTER TAX PROFITS	0.0%	*0.0%*

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

Reporting Entity

Westroads Greymouth Limited is registered under the Companies Act 1993 and is domiciled in New Zealand. Westroads Greymouth Limited is wholly owned by Westroads Limited.

The company is a Council Controlled Trading Organisation as defined in Section 6(1) of the Local Government Act 2002, with the company's ultimate parent being the Westland District Council.

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

1. Basis of Preparation

a. Statement of Compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with New Zealand equivalents to International Financial Reporting Standards ("NZIFRS") and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities.

The financial statements were approved by the board of directors on 26 September 2014.

b. Measurement Base

The financial statements have been prepared on a historical cost basis except for land and buildings which are revalued every three years. The next revaluation is due in June 2017.

c. Functional and presentation currency

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

d. Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

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

Note 9 – Inventory Valuation
Note 10 – Depreciation and estimated useful lives of property, plant and equipment
Note 16 – Employee Entitlements

e. Going Concern

Westland District Council is currently considering the structure of its Council Controlled Trading Organisations. As part of this it has considered an option to wind up the company and fold its activities, assets and liabilities back into its parent entity, Westroads Limited. However no decisions have been made at this stage, and before any such decision is made, the council is required under the Local Government Act 2002 to publicly consult on the proposal.

2. Changes in Accounting Polices

The Company has changed its accounting policy to revalue land and buildings on a 3 yearly basis starting from 30 June 2014. The revaluation movement has been reflected in the statements and notes to the accounts.

3. 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:

(a) Property, Plant & Equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent costs

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

(iii) 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:

	2013/14	**2012/13**
o buildings	25-50 years	25-50 years
o plant and equipment	2-15 years	2-15 years
o office furniture & equipment	2-15 years	2-15 years

(iv) Revaluation

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

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

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

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

(b) Intangible assets

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

Amortisation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. During the year the mining licenses expired are were not renewed.

(c) 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. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(d) Construction work in progress

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

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

(e) 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 amount of assets and are recognised in the profit or loss.

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

Impairment losses on an individual basis are determined by an evaluation of the exposures on an instrument by instrument basis. All individual instruments that are considered significant are subject to this approach.
For trade receivables which are not significant on an individual basis, collective impairment is assessed on a portfolio basis based on numbers of days overdue, and taking into account the historical loss experience in portfolios with a similar amount of days overdue.

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

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

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

(f) Financial Instruments

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

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

Loans and receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less impairment.

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

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.

(g) 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.

(h) Employee benefits

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

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

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

(iv) 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.

(i) 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 and are not recognised on the Company's balance sheet.

(j) Provisions

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

(k) Revenue

(i) **Goods sold**

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

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

(ii) **Services**

Revenue from services rendered is recognised in the profit or loss in proportion to the stage of completion of the transaction at the reporting date.

(iii) **Construction contracts**

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

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

(l) Lease payments

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

(m) 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.

(n) New Standards and Interpretations not yet adopted

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

NZ IFRS 9: Financial Instruments – Classification and Measurement (effective for the financial year ending 30 June 2016).

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, Westroads Greymouth Limited can elect to apply the reduced disclosure regime of the Profit Entities Accounting Standards for reporting periods beginning on or after 1 December 2012. Westroads Greymouth Limited has not made the decision whether to apply the reduced reporting regime and they have not assessed the implications of the new Accounting Standards Framework at this time.

	2013/14 $000	2012/13 $000
4. Other Income		
Gain on sale of property, plant & equipment	79	46
Subvention payment receivable	-	34
	79	80
5. Nature of Expenses		
The following items are included in the expenditure of the Company:		
Audit fees to Audit NZ comprising audit of financial statements	23	22
Depreciation, Amortisation & Impairment	684	613
Loss on sale of property, plant & equipment	1	1
Directors' Fees	-	-
Donations	-	-
Rental and operating lease costs	15	15
Change in Provision for Doubtful Debts	(14)	28
Bad Debts Written off	22	-
Personnel Expenses		
Wages & Salaries	2,454	1,900
Contributions to defined contribution plans	99	66
Long service leave	3	5
Retiring gratuities	8	6
	2,564	1,977
6. Taxation		
Surplus/(deficit) before taxation	101	(184)
Prima facie taxation @ 28%	28	(51)
Tax effect of Group Loss Offset from Westroads Ltd	-	25
Plus taxation effect of permanent differences	4	2
Taxation Expense	32	(24)
The taxation charge is represented by:		
Current taxation	65	-
Deferred taxation	(33)	(24)
	32	(24)
Deferred Taxation Asset (Liability)		
Balance as at 1 July	14	(10)
Movement Recognised in Profit/Loss	33	24
Movement Recognised in Other Comprehensive Income	(32)	-
Balance as at 30 June	15	14

The deferred tax assets & liabilities arise due to temporary timing differences in the deductibility of expenditure. All movements in deferred tax assets & liabilities are recognised in the statement of financial performance. Deferred tax assets and liabilities are attributable to the following:

	2013/14 $000	2012/13 $000
Employee entitlements (Asset)	34	32
Accruals (Asset)	69	56
Receivables Impairment (Asset)	3	7
Property, Plant & Equipment (Liability)	(91)	(81)
	15	14

	2013/14 $000	2012/13 *$000*
Imputation Credits		
Imputation Credits available for use in subsequent periods	258	*193*

7. Share Capital

At 30 June 2014 the company has issued 1,500,000 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.

8. Receivables

	2013/14	2012/13
Trade Debtors	543	*425*
Provision for Doubtful Debts	(11)	*(25)*
Contract Retentions	90	*20*
Cost Fluctuation Accruals	10	*4*
	632	*424*

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

	Gross Receivable 2013/14	Impairment 2013/14	Gross Receivable 2012/13	Impairment 2012/13
Not past due	487	-	*332*	-
Past due 0-30 days	19	-	*50*	-
Past due 31-120 days	13	-	*8*	-
Past due 121-360 days	22	*10*	-	-
Past due more than 1 year	2	*1*	*35*	*25*
	543	11	425	25

9. Inventory Note

	2013/14 $000	2012/13 *$000*
Metal Stocks	155	*150*
Other Supplies	234	*247*
	389	*397*

No inventories are pledged as security nor are any inventories subject to retention of title clauses.

10. Property, plant and equipment

	Land & Buildings	Plant & Equipment	Office Furniture & Equipment	Under Construction	Total
	$000	$000	$000	$000	$000
Cost or deemed cost					
Balance at 1 July 2012	596	5,254	127	6	5,983
Additions	4	712	9	-	725
Impairment	-	-	-	-	-
Disposals	-	(436)	-	-	(436)
Balance at 30 June 2013	600	5,530	136	6	6,272
Balance at 1 July 2013	600	5,530	136	6	6,272
Additions	-	1,064	5	-	1,069
Net Revaluation Increase/(Decrease)	417	-	-	-	417
Impairment	-	-	-	(6)	(6)
Disposals	-	(563)	-	-	(563)
Balance at 30 June 2014	1,017	6,031	141	-	7,189
Depreciation and impairment losses					
Balance at 1 July 2012	95	2,948	112	-	3,155
Depreciation for the year	12	575	4	-	591
Impairment Loss	-	-	-	-	-
Disposals	-	(385)	-	-	(385)
Balance at 30 June 2013	107	3,138	116	-	3,361
Balance at 1 July 2013	107	3,138	116	-	3,361
Depreciation for the year	15	653	7	-	675
Net Revaluation Increase/(Decrease)	(113)	-	-	-	(113)
Impairment Loss	-	-	-	-	-
Disposals	-	(440)	-	-	(440)
Balance at 30 June 2014	9	3,351	123	-	3,483
Carrying Amounts					
At 1 July 2012	501	2,306	15	6	2,828
At 30 June 2013	493	2,392	20	6	2,911
At 1 July 2013	493	2,392	20	6	2,911
At 30 June 2014	1,008	2,680	18	-	3,706

Security

At 30 June 2014 properties with a carrying value of $478,000 (2013: $494,000) are subject to a registered mortgage to secure bank loans.

At 30 June 2014 plant & equipment with a carrying value of $518,000 (2013: $392,000) are subject to a registered chattel security. All plant & equipment are subject to a general registered debenture.

Property Plant & Equipment under construction

During the year ended 30 June 2008, the company commenced plans to develop its office building. Recorded costs to 30 June 2014 were $6,000. (2013 $6,000). The company has no current plans to proceed with this development and as a result this has been shown as an impairment in the current period.

Revaluation

On 12 June 2014 the land and buildings were independently valued by registered valuers, CVL Valuations Ltd. The next revaluation is due in June 2017.

11. **Intangible Assets**

The company's only intangible assets were mining licences. The mining licences are amortised on a straight line basis over their remaining useful life. The mining licences expired during the year and were not renewed.

The amortisation and any impairment losses are allocated to cost of sales.

	2013/14	2012/13
	$000	*$000*
Cost or deemed cost		
Balance at 1 July	250	250
Additions	-	-
Disposals	(250)	-
Balance at 30 June	-	250
Amortisation and impairment losses		
Balance at 1 July	247	226
Amortisation for the year	3	21
Impairment Loss	-	-
Disposals	(250)	-
Balance at 30 June	-	247
Carrying Amounts		
At 1 July	3	24
At 30 June	-	3

12. **Loans & Borrowings**

Bank Term Loans	676	*905*
Flexible Finance Facility	450	*300*
	1,126	*1,205*
The bank term loans are split as follows:-		
Current	226	*210*
Non-current	450	*695*
	676	905

Terms and conditions of loans & borrowings and their balances are as follows:-			Maturing	Interest Repricing due
Overdraft Facility ($200K) - Interest Rate 9.35% (LY 9.35%)	-	-	N/A	Variable
Secured bank loan - Interest Rate NIL% (LY 7.4%)	-	*568*	N/A	1yr
Secured bank loan - Interest Rate 6.73% (LY 6.03%)	121	*177*	2016	3mths
Secured bank loan - Interest Rate 6.71%(LY 6.03%)	132	*160*	2018	3mths
Secured bank loan - Interest Rate 6.98% (LY NIL)	423	-	2017	3yrs
Committed Cash Advance Facility ($950K) - Interest Rate 6.25% (LY 5.5%)	450	*300*	2014	Variable
(Carrying value is not materially different to face value)				

In managing interest rate risks the Company aims to reduce impacts of short-term fluctuations on the Company's earnings. Over the longer-term, however, permanent changes in interest rates will have an impact on profit. At 30 June 2014 it is estimated that a 1% increase in interest rates would decrease the Company's 2015 profit before tax by approximately $7,000 (2013: $3,000.)

The company has no formal interest rate hedging policy.

13. Contingent Liabilities and Contingent Assets

At 30 June 2014, Westroads Greymouth Ltd had the following contingent liabilities:

	2013/14 $000	*2012/13 $000*
Guarantees:		
(a) Inter Company Bank Guarantee with Westroads Ltd	unlimited	*unlimited*
(b) Performance Bond in favour of Grey District Council	280	*280*
(c) Mining Bonds	16	*16*
(d) Department of Conservation	7	*7*

There are no contingent assets.

14. Operating Leases

At 30 June 2014, Westroads Greymouth Ltd has the following commitments that relate to leases.

	2013/14 $000	*2012/13 $000*
Commitment within 12 months	12	*12*
Commitment between 12 months & 5 years	21	*33*
Commitment greater than 5 years	-	-

15. Capital Commitments

At 30 June 2014, Westroads Greymouth Ltd had no capital commitments for the purchase of plant & equipment (2013 $593,500).

16. Employee Entitlements

Westroads Greymouth Ltd has the following current employee entitlements

	2013/14 $000	*2012/13 $000*
Annual Leave	207	*174*
Time In Lieu	9	*7*
Sick Leave	6	*3*
Long Service Leave	16	*7*
Retirement Gratuities	38	*37*
	276	*228*

Westroads Greymouth Ltd has the following non current employee entitlements

	2013/14 $000	*2012/13 $000*
Retirement Gratuities	83	*76*
Long Service Leave	25	*33*
	108	*109*

17. Transactions with Related Parties

During the year the Company transacted business with businesses in which Directors and Shareholders in the Company and the Parent Company, Westland Holdings Limited, had an interest. These transactions were entered into in the ordinary course of the company's business and on its usual terms and conditions.

Details of these interests are as follows:

Director/ Shareholder	Related Party	Type of Transaction	Transaction Amount $ $000	*Balance 30 June $ $000*
		1 July 2013 to 30 June 2014		
WDC	Westland District Council	Sales - plant hire & materials	-	-
Westroads	Westroads Ltd	Purchase - plant hire & materials	84	*7*
Westroads	Westroads Ltd	Purchase - management services	98	*9*
Westroads	Westroads Ltd	Plant purchases	164	*22*
Westroads	Westroads Ltd	Sale - plant hire & materials	285	*4*
Westroads	Westroads Ltd	Advances received from Westroads Ltd	193	*901*
P M Cuff	Cuffs Ltd	Purchase - Accounting Services	7	-
D M J Havill	Aratuna Freighters Ltd	Fuel purchase & freight services	351	*34*
D M J Havill	Aratuna Freighters Ltd	Sale - Plant hire & material sales	5	-
P M Cuff & G P King	Renton Chainsaws & Mowers	Purchase - materials	18	-
A G Williams	Electronet Services Ltd	Sales - Plant Hire & Material Sales	3	-
A G Williams	Electronet Services Ltd	Purchases - Services	3	-
		1 July 2012 to 30 June 2013		
WDC	Westland District Council	Sales - plant hire & materials	244	-
Westroads	Westroads Ltd	Purchase - plant hire & materials	136	*3*
Westroads	Westroads Ltd	Purchase - management services	105	*10*
Westroads	Westroads Ltd	Plant purchases	78	-
Westroads	Westroads Ltd	Sale - plant hire & materials	485	*7*
Westroads	Westroads Ltd	Plant sales	1	-
Westroads	Westroads Ltd	Advances received from Westroads Ltd	55	*708*
Westroads	Westroads Ltd	Subvention Payment	34	*34*
Westroads	Westroads Ltd	Group Tax Loss Offset	88	-
M J Fahey	Fahey Contracting	Plant hire & material sales	1	-
P M Cuff	Cuffs Ltd	Purchase - Accounting Services	8	-
D M J Havill	Aratuna Freighters Ltd	Fuel purchase & freight services	293	*31*
D M J Havill	Aratuna Freighters Ltd	Sale - Plant hire & material sales	18	-
P M Cuff & G P King	Renton Hardware	Purchase - materials	5	-
P M Cuff & G P King	Renton Chainsaws & Mowers	Purchase - materials	7	-
A G Williams	Electronet Services Ltd	Sales - Plant Hire & Material Sales	33	-
A G Williams	Electronet Services Ltd	Purchases - Services	1	-

All amounts billed are based on normal market rates and payable or receivable under normal payment terms.

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

The company has no key management personnel for which to make disclosures as all payments are made by the parent company, Westroads Limited.

18. Post Balance Date Events

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

19. Construction Contracts

	2013/14	2012/13
	$000	*$000*
Contract costs incurred	1,073	*1,344*
Recognised profits/losses	260	*541*
	1,333	1,885
Progress billings	1,260	*1,862*
Gross amounts due from Customers (included in work in progress)	73	*23*
Retentions receivable in respect of construction contracts	90	*20*

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

20. Financial Instruments

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

	2013/14	2012/13
	$000	*$000*
Cash and cash equivalents	42	*184*
Loans and receivables		
Trade accounts receivable	632	*424*
Advances	-	-
Financial Liabilities at amortised cost		
Trade and other payables	453	*352*
Borrowings	1,126	*1,205*
Advances	901	*708*

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

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

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

Interest Rate Risk

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

Fair value interest rate risk

Fair value interest rate risk is the risk that a financial instrument will fluctuate due to changes in market interest rate. Borrowings at fixed rates expose the company to fair value interest rate risk. The company 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 company have most borrowings at variable rates. Accordingly, there is an interest rate risk at present (refer note 12.) The directors consider that this risk is balanced by the considerable benefit of the present lower floating rates.

Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Westroads Greymouth Ltd has no exposure to currency risk.

Credit Risk

Credit risk is the risk that a third party will default on its obligations to the company, causing the company to incur a loss.

Financial instruments which potentially subject the company to risk consist principally of cash, trade receivables and various off-balance sheet instruments.

The company invests in high credit quality financial institutions and limits the amount of credit exposure to any one financial institution. Accordingly, the company 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 Grey District Council for a high proportion of Westroads Greymouth Limited's revenue. However, Grey District Council is considered a high credit quality entity.

Fair Values

The estimated fair values of the financial instruments are as stated in the Balance Sheet.

Capital Management

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

The company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Company 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 company has a policy of shareholders funds being in the ratio of 50-100% of total assets.

	2013/14	2012/13
	$000	*$000*
21. Reconciliation of Net Surplus after Taxation with Cash Inflow from Operating Activities		
Net surplus after taxation	69	*(160)*
Add/(less) non cash items:		
Depreciation and amortisation	684	*613*
Increase/(decrease) in provision for doubtful debts	(14)	*21*
Decrease/(increase) in deferred tax	(33)	*(24)*
Increase/(decrease) in Employee Entitlements	47	*4*
Total Non-Cash Items	684	*614*
Add/(less) items classified as investment & financing activity:		
Capital account payable	(19)	-
Net (gain)/loss on sale of fixed assets	(78)	*(45)*
Total Investing & Financing Activity Items	(97)	*(45)*
Add/(less) movements in working capital items:		
Increase/(decrease) in accounts payable and accruals	101	*(96)*
Increase/(decrease) in income received in advance	-	-
Increase/(decrease) in taxation payable	65	-
(Increase)/decrease in tax refund due	-	-
Decrease/(increase) in receivables and prepayments	(194)	*257*
Decrease/ (increase) in subvention payment receivable	34	*13*
Decrease/ (increase) in inventory	8	*(3)*
Decrease in work in progress	(77)	*8*
Working Capital Movement - Net	(63)	*179*
Net Cash Inflows from Operating Activities	**593**	***588***