Westland
HOLDINGS

WESTLAND HOLDINGS LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Independent Auditor's Report

To the readers of Westland Holdings Limited group's financial statements and performance information for the year ended 30 June 2015

The Auditor-General is the auditor of Westland Holdings Limited and its New Zealand domiciled subsidiaries. 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 the performance information of the group, consisting of Westland Holdings Limited and its subsidiaries (collectively referred to as "the Group"), on her behalf.

Opinion on the financial statements and the performance information

We have audited:

- the financial statements of the Group on pages 8 to 11 and 13 to 30, that comprise the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the Group on page 12.

In our opinion:

- the financial statements of the Group:
    - present fairly, in all material respects:
        - its financial position as at 30 June 2015; and
        - its financial performance and cash flows for the year then ended; and
    - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with New Zealand Equivalents to International Financial Reporting Standards.
- the performance information of the Group presents fairly, in all material respects, the Group's achievements measured against the performance targets adopted for the year ended 30 June 2015.

Our audit was completed on 14 December 2015. 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 the performance information 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 the performance information. 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 in the performance information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and the performance information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Group's financial statements and performance information in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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 the disclosures in the financial statements and in the performance information; and
- the overall presentation of the financial statements and the performance information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and the performance information. Also, we did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

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 the preparation and fair presentation of financial statements for the Group that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparation of the performance information for the Group.

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

The Board of Directors is responsible for such internal control as it determines is necessary to enable the preparation of financial statements and performance information 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 the performance information, whether in printed or electronic form.

Responsibilities of the Auditor

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

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 Group.

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

DIRECTORY

Directors:	Chairman: Graeme P King Director: Michael T Teen Director: Michael T Havill
Registered Office:	Westland District Council 36 Weld Street, Hokitika Phone 03 756 9010 Fax 03 756 9045
Auditor:	Audit New Zealand on behalf of the Controller & Auditor-General
Bankers:	Westpac Bank, Revell Street, Hokitika
Solicitors:	Elcock & Johnston, PO Box 85, Hokitika

DIRECTORS REPORT

The Directors present the Annual Report of Westland Holdings Limited for the year ended 30 June 2015. Westland Holdings Ltd was founded in July 2002 as a holding company for the various commercial interests of the Westland District Council. It currently has 3 operating subsidiaries which it owns 100% of, namely

- Westroads Ltd
- Hokitika Airport Ltd &
- Westland District Property Ltd

Review of Operations

	GROUP
Results for the Year Ended 30 June 2015	**$000**
Net Surplus before Taxation	1,045
Subvention Payment	265
Income Taxation	114
Net Surplus after Taxation	666
Other comprehensive Income	-
Deferred Taxation on Comprehensive Income	-
Total Other Comprehensive Income	666
Movements in Equity	
Equity (opening balance)	11,821
Distributions to Owners	-
Surplus after Taxation	666
Total Other Comprehensive Income	-
Equity (closing balance)	12,487

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

Significant Changes in the State of Affairs

AMALGAMATION
On 29 June 2015 Westroads Limited amalgamated with Westroads Greymouth Limited in accordance with Part XIII of the Companies Act 1993.

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

	$000
Current Assets	1,380
Current Liabilities	1,631
Non Current Assets	3,614
Non Current Liabilities	336
Total Equity	3,027

DIRECTORS REPORT

BUSINESS ACQUISITION

On 20 November 2014, Westroads Limited purchased Christchurch based Trenching Dynamix. Trenching Dynamix installs horizontal infrastructure being water, gas, power & drainage. The agreement contains an earn out clause that could see a further $380,000 paid as Goodwill. The directors consider it unlikely that any further payment will be required

Remuneration of Directors:

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

	$
G P King	8,000
M T Teen	6,000
M T Havill	-
Total Remuneration	14,000

Remuneration and other benefits paid or due to directors on behalf of the Group, for services as a director during the year totalled $135,000. Details of the fees paid to directors are contained in the individual subsidiary accounts.

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

Director Appointment & Retirement

P M Cuff retired by rotation as a director of Westroads Limited at their 2014 AGM and was reappointed by the shareholder.

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

Remuneration of Employees

Within the group there were five employees whose remuneration and benefits package was in the band of $100,000-$110,000. There was one employee whose remuneration and benefits package was in the band of $150,000-$160,000 and one employee in the band of $200,000-$210,000. There were no other employees or former employees within the group that earned more than $100,000 during the year.

Indemnity and Insurance

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

Donations:

There were no donations made by the group during the year.

Auditors:

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

DIRECTORS REPORT

Directors' Declaration

In the opinion of the directors of Westland Holdings Ltd & Group, the financial statements and notes on pages 8-30

- comply with New Zealand generally accepted accounting practice and give a true and fair view of the financial position of the Company and Group as at 30 June 2015 and the results of their operations and cash flows for the year ended on that date
- have been prepared using appropriate accounting policies, which have been consistently applied and supported by reasonable judgements and estimates.

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

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

For and behalf of the Board

G P King
Chairperson
Date: 14/12/15

M T Havill
Director
Date: 14/12/15

WESTLAND HOLDINGS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2015

	Note	Group 2014/15 $000	Group 2013/14 *$000*
Revenue		18,351	13,663
Cost of Sales	2	13,194	9,911
Gross Profit		5,157	3,752
Other Income	1	782	629
Administrative Expenses	2	4,552	3,659
Results from operations		1,387	722
Interest Received		11	7
Interest Paid		353	246
Net finance costs		342	239
Profit before Income Tax		1,045	483
Subvention Payment		265	380
Income tax expense	3	114	169
Profit for the period		**666**	(66)
Other Comprehensive Income			
Gain on Land & Building Revaluation		-	897
Deferred Taxation on Revaluation	3	-	66
Total Other Comprehensive Income		-	831
Total Comprehensive Income for the Year		**666**	**765**

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

WESTLAND HOLDINGS LIMITED
STATEMENT OF MOVEMENT IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2015

Group	Note	Share Capital $000	Asset Revaluation Reserve $000	Retained Earnings $000	Total $000
Balance 1 July 2014		8,695	831	2,295	11,821
Profit/(Loss) for the period		-	-	666	666
Other Comprehensive Income		-	-	-	-
Deferred Tax on Revaluation		-	-	-	-
Dividends to equity holders	4	-	-	-	-
Balance 30 June 2015		**8,695**	**831**	**2,961**	**12,487**

Balance 1 July 2013		*8,695*	-	*2,526*	*11,221*
Profit/(Loss) for the period		-	-	*(66)*	*(66)*
Other Comprehensive Income		-	*897*	-	*897*
Deferred Tax on Revaluation		-	*(66)*	-	*(66)*
Dividends to equity holders	4	-	-	*(165)*	*(165)*
Balance 30 June 2014		*8,695*	*831*	*2,295*	*11,821*

WESTLAND HOLDINGS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

	Note	Group 30-Jun-15 $000	Group 30-Jun-14 $000
EQUITY			
Share capital	4	8,695	8,695
Retained earnings		2,961	2,295
Asset Revaluations Reserves		831	831
		12,487	**11,821**
represented by:			
CURRENT ASSETS			
Cash and Bank		273	418
Tax Refundable	3	13	1
Accounts Receivable	5	3,588	1,625
Inventories	7	366	412
Prepayments		2	2
Work in Progress		189	121
Total Current Assests		4,431	2,579
CURRENT LIABILITIES			
Accounts Payable and Accruals		1,985	1,305
Deferred Income	11	16	30
Subvention payment payable		137	280
Bank Overdraft (secured)	10	583	-
Employee Entitlements	15	775	578
Flexible Finance Loan	10	800	800
Current Portion of Term Loan	10	962	753
Tax Payable		44	104
Total Current Liabilities		5,302	3,850
Working Capital		**(871)**	**(1,271)**
NON-CURRENT ASSETS			
Property Plant & Equipment	6	15,148	12,783
Investment Property	9	858	893
Term Inventory	7	390	885
Intangible Assets	8	575	424
		16,971	14,985
NON-CURRENT LIABILITIES			
Employee Entitlements	15	138	131
Bank Term loans	10	3,279	1,488
Deferred Tax Liability	3	196	274
		3,613	1,893
		12,487	**11,821**

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

WESTLAND HOLDINGS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2015

	Note	Group 2014/15 $000	Group 2013/14 $000
Cash Flows from Operating Activities			
Receipts from customers and other sources		17,607	13,826
Sale of Term Inventory		-	115
Interest received		11	7
Subvention Payments Received		11	-
Income tax refunded		3	1
Payments to suppliers and employees		(15,219)	(11,659)
Taxes paid		(261)	(107)
Subvention payments made		(419)	(266)
Term Inventory costs		(34)	-
Purchase of Term Inventory		(2)	(5)
Net GST Movement		(154)	-
Interest paid		(353)	(246)
Net Cash flow from Operating Activities	19	**1,190**	**1,666**
Cash Flows from Investing Activities			
Proceeds from sale of property, plant and equipment		396	524
Sale of investments		-	225
Purchase of property, plant and equipment		(2,258)	(2,301)
Purchase of property, plant and equipment of business acquistion		(1,905)	-
Purchase of goodwill		(151)	-
Net Cash flow from Investing Activities		**(3,918)**	**(1,552)**
Cash Flows from Financing Activities			
Proceeds of Loans & Bank Advances		2,450	560
Loan Repayments		(450)	(433)
Dividends Paid		-	(165)
Net Cash flow from Financing Activities		**2,000**	**(38)**
Net Increase/(Decrease) in Cash Held		(728)	76
Add Opening Bank Balance at 1 July		418	342
Closing bank accounts and cash 30 June		**(310)**	**418**
Made up of:			
Cash		**273**	418
Bank Overdraft		**(583)**	-
		(310)	**418**

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

WESTLAND HOLDINGS LIMITED
STATEMENT OF SERVICE PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2015

Performance Target	Outcome
1 Draft Statement of Intent submitted to WDC for approval by 1 March each year	**Not Achieved -** submitted 3 March
2 Completed Statement of Intent to be submitted to WDC by 30 June each year	**Achieved**
3 At least two progress reports to be made to WDC in the financial year (in addition to reporting on specific issues), with at least one presentation to be made to Councillors. Reports will include financial and non-financial performance	**Not Achieved:** Due to review of CCO's structure taking place
4 Major matters of urgency are reported to the appropriate Council committee or the CE of the WDC within 3 days	**Achieved:** No major matters of urgency.
5 The Chair will initiate an independent formal evaluation of the WHL directorate bi-annually, the first to be undertaken in the 2013/14 year.	**Not Applicable this year:** To be completed 2015/16 year
6 To review the training needs of individual directors, and ensure training is provided where required.	**Not Achieved:** Put on hold until results from CCO review completed
7 The process for each appointment to a subsidiary board is transparent and fully documented and reported to WDC.	**Achieved:** No appointments to WHL subsidiaries during 2014/15
8 WHL negotiates with WDC to pay an achievable distribution for the 2014/15 financial year prior to finalising WDC's budget.	**Achieved.**
9 To meet budgeted level of distribution income	**Achieved. $60K Dividend income from Subsidiaries.Plus Subvention payments of $265K to WDC.**
10 That the adopted directors policy be followed for any director appointments	**Achieved:** for WHL director appointment. No subsidiary director appointments
11 Draft Statements of Intent to be received by subsidiary companies by 14 February	**Not Achieved:** Hokitika Airport & Westroads achieved; Westland District Property did not achieve
12 WHL to respond to draft Statements of Intent by 30 April	**Not Achieved**
13 WHL to direct subsidiary companies to produce commercially focused Statements of Intent are cognizant of their responsibilities to the social & environmental needs of the communities of Westland	**Achieved**
14 WHL to assess the alignment of Statements of Intent with any specifically notified WDC strategic directive	**Achieved.** No directive notified.
15 Subsidiary company Statements of Intent to incorporate specific reporting requirements in accordance with legislation & accepted practise	**Achieved**
16 All activity reports and formal reporting will be done through Chairman of WHL and the CE of WDC.	**Achieved**
17 Subsidiary company Statement of Intents to incorporate specific statements regarding the processes for the management of risk exposures including reputational risk	**Achieved**
18 Long Term Investment assessment is carried out by for any new projects. These must be assessed and approved by Council prior to initiating significant projects	**No projects to be assessed this year**
19 Targeted Ratio of Shareholders funds to total assets shall not be less than 50% for the period covered by the Statement of Intent	**Achieved - 58.35%**

WESTLAND HOLDINGS LTD
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 JUNE 2015

REPORTING ENTITY

Westland Holdings Limited is registered under the Companies Act 1993 and is domiciled in New Zealand.
Westland Holdings Limited is owned by Westland District Council.
The company is a Council Controlled Trading Organisation as defined in Section 6(1) of the Local Government Act 2002.
The financial statements of the Company have been prepared in accordance with the requirements of the Companies Act 1993, the Financial Reporting Act 2013 and the Local Government Act 2002.
The Group consists of Westland Holdings Limited, Hokitika Airport Limited, Westland District Property Limited, Westroads Limited. All group companies are incorporated in New Zealand.

BASIS OF PREPARATION

Statement of Compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP") and Tier 2 POE Accounting Standards. They comply with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime ("NZIFRS RDR") and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities.
The financial statements were approved by the board of directors on 14 December 2015

Measurement Base

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

Functional and presentation currency

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

Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.
Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.
In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described below:

Note 6 - Depreciation and estimated useful lives of property, plant and equipment

Note 7 - Inventory valuation and provision for obsolescence

Note 9 – Investment Property

Note 15 - Employee Entitlements

Going Concern
Due to Westland District Property Limited's financial position and results, in adopting the going concern assumption, Westland Holdings Limited, has given a letter of support. This states that Westland Holdings Ltd undertakes to make such funds available as necessary to ensure that Westland District Property Ltd remains a going concern over the next 12 months.

CHANGES IN ACCOUNTING POLICIES
There has been no changes in accounting policies during the year ended 30 June 2015.

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

PROPERTY, PLANT & EQUIPMENT
Recognition and measurement
Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

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

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

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

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

The estimated useful lives for the current and comparative periods are as follows:

	2014/15	**2013/14**
buildings	12-50 years	12-50 years
plant and equipment*	2-25 years	2-25 years
office furniture & equipment	2-15 years	2-15 years
runway infrastructure	0-50 years	0 – 50 years

*includes motor vehicles

Revaluation
Westroads Limited's 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.

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

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

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

Amortisation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated remaining useful lives for the mining licences is 1 year.

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

INVENTORIES
Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

In the case of metal inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Metal inventory cost is calculated on a discounted sale value basis, as an approximation of weighted average cost.

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

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

CONSTRUCTION WORK IN PROGRESS

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

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

IMPAIRMENT

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

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

Impairment of receivables

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

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

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

Non-financial assets

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

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

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

FINANCIAL INSTRUMENTS

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

Cash and cash equivalents

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

Loans and receivables

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

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

Financial Liabilities

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

Trade and other receivables

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

Interest-bearing borrowings

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

Trade and other payables

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

GOODS AND SERVICES TAX (GST)

All items in the financial statements are exclusive of goods and services tax (GST) with the exception of receivables and payables which are stated with GST included. Where GST is irrecoverable as an input tax then it is recognised as part of the related asset or expense. This applies to expenditure by the parent which is not registered for GST.

EMPLOYEE BENEFITS

Defined contribution plans

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

Other long-term employee benefits

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

Termination benefits

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

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

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

LEASED ASSETS

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

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

PROVISIONS

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

REVENUE

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

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

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

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

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

LEASE PAYMENTS

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

INCOME TAX EXPENSE

Income tax expense 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 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.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

CONSOLIDATION

The company has three 100% owned subsidiary companies that are consolidated in these financial statements.

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

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

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

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

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

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

NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

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

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

WESTLAND HOLDINGS LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2015

1. Other Income

	2015 $000	2014 $000
Gain on sale of property, plant & equipment	115	109
Lease receipts	660	515
Recoveries	7	5
	782	629

2. Nature of Expenses

	2015 $000	2014 $000
The following items are included in the expenditure of the Group		
Audit fees to Audit NZ comprising audit of financial statements	87	83
Depreciation & amortisation	1,544	1,445
Loss on sale of property, plant & equipment	28	34
Change in Fair Value of Investment Property	35	73
Directors' Fees	135	134
Donations	-	-
Rental and operating lease costs	349	318
Change in Provision for Doubtful Debts	(3)	(102)
Bad Debts Written off	4	106
Personnel Expenses		
Wages & Salaries	6,809	5,289
Contributions to defined contribution plans	244	195
Long service leave	15	3
Retiring gratuities	16	19
	7,084	5,506

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

3. Taxation

	2015 $000	2014 $000
Surplus/(deficit) before taxation	1,045	483
Prima facie taxation @ 28%	293	136
Plus taxation effect Deferred Tax unable to be recognised	-	115
(Less) taxation effect of recognising Deferred Tax	(115)	-
Plus (less) taxation effect of permanent differences	10	24
(Less) Tax Effect of Subvention Payment to WDC	(92)	(106)
Plus Tax Effect of Subvention Refund from WDC	18	-
Tax Effect of Imputation Credits	-	-
Taxation Expense	114	169

Income tax expense is represented by

	2015	2014
Current taxation	202	116
Prior year tax	(10)	-
Deferred taxation	(78)	53
	114	169

Deferred taxation asset (liability)		
Opening Balance	(274)	(155)
Movement Recognised in surplus or deficit	78	(53)
Movement Recognised in Other Comprehensive Income	-	(66)
Balance as at 30 June	(196)	(274)

Deferred tax assets and liabilities are attributable to the following:		
Tax Losses Carried Forward (Asset)	-	-
Employee benefit plans (Asset)	51	36
Accruals (Asset)	282	159
Inventory Impairment (Asset)	-	-
Receivables Impairment (Asset)	4	3
Property, Plant & Equipment (Liability)	(453)	(472)
Retentions (Liability)	(89)	-
Tax Losses Carried Forward	9	-
	(196)	(274)

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 comprehensive income.

4. Share Capital

At 30 June 2015 the Company has issued 8,424,792 (2014: 8,424,792) shares which are fully paid. All shares carry equal voting rights and the right to share in any surplus on winding up of the company. None of the shares carry fixed dividend rights.

5. Trade & other receivables

	2015 $000	**2014 $000**
Trade Debtors - non related	2,207	783
Trade Debtors - related parties	1,014	759
GST Receivable	2	-
Provision for Doubtful Debts	(14)	(17)
Contract Retentions	367	90
Cost Fluctuation Adjustment Accruals	12	10
	3,588	1,625

Trade debtors breakdown per age of debt

	Gross Receivable 2015	**Impairment 2015**	**Gross Receivable 2014**	**Impairment 2014**
Not past due	2,728	-	1,342	-
Past due 0-30 days	212	-	136	-
Past due 31-120 days	130	-	26	-
Past due 121-360 days	40	*1*	30	*13*
Past due more than 1 year	111	*13*	8	*3*
	3,221	14	1,542	16

6. Property, plant and equipment

	Land & Buildings	Plant & Equipment	Office Furniture & Equipment	Airport Runway Infrastructure	Under Construction	Total
	$000	**$000**	**$000**	**$000**	**$000**	**$000**
Cost or deemed cost						
Balance at 1 July 2013	4,047	12,118	326	2,400	21	18,912
Additions	213	2,030	12	-	105	2,360
Transfer to Investment Property	-	-	-	-	-	-
Net Revaluation on Land & Buildings	625	-	-	-	-	625
Disposals	(54)	(1,042)	-	-	(6)	(1,102)
Balance at 30 June 2014	4,831	13,106	338	2,400	120	20,795
Balance at 1 July 2014	4,831	13,106	338	2,400	120	20,795
Additions	69	4,151	25	-	2	4,247
Transfer to Plant & Equipment	-	-	-	-	(96)	(96)
Net Revaluation on Land & Buildings	-	-	-	-	-	-
Disposals	(19)	(789)	-	-	(1)	(809)
Balance at 30 June 2015	4,881	16,468	363	2,400	25	24,137
Depreciation and impairment losses						
Balance at 1 July 2013	528	6,407	267	288	-	7,490
Depreciation for the year	99	1,270	27	46	-	1,442
Net Revaluation on Land & Building	(272)	-	-	-	-	(272)
Disposals		(648)	-	-	-	(648)
Balance at 30 June 2014	355	7,029	294	334	-	8,012
Balance at 1 July 2014	355	7,029	294	334	-	8,012
Depreciation for the year	105	1,371	22	46	-	1,544
Net Revaluation on Land & Building	(9)	-	-	-	-	(9)
Disposals		(558)	-	-	-	(558)
Balance at 30 June 2015	451	7,842	316	380	-	8,989
Carrying Amounts						
At 1 July 2013	2,796	5,295	62	2,156	7	10,316
At 30 June 2014	3,519	5,711	59	2,112	21	11,422
At 1 July 2014	4,476	6,077	44	2,066	120	12,783
At 30 June 2015	4,430	8,626	47	2,020	25	15,148

Security

At 30 June 2015 properties with a carrying value of $2,611,000 (2014: $1,633,000) are subject to a registered mortgage to secure bank loans.

At 30 June 2015 plant & equipment with a carrying value of $4,059,000 (2014: $1,466,000) are subject to a registered chattel security.

All plant & equipment are subject to a general registered debenture.

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.

7. Inventory

	2015	2014
	$000	$000
Metal Stocks	181	155
Other Supplies	185	257
	366	412
Provision for Obsolescence	-	-
	366	412

Term Inventory

Term Inventory comprises parts of land held for subdivision and sale purposes $390,000(2014: $885,000). Of this $350,000 (2014: $350,000) was held as tenants in common between Westroads Ltd & Westland District Property Ltd. This property is being developed and funded by Westroads with Westroads receiving 75% of any profits and Westland Property receiving the other 25%.

8. Intangible Assets

The Group's intangible assets are mining licences . Mining licences were amortised on a straight line basis over their 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 in the statement of financial performance.

	Mining Licences	Goodwill	Total
	$000	**$000**	**$000**
Cost or deemed cost			
Balance at 1 July 2013	250	424	674
Additions	-	-	-
Disposals	(250)	-	(250)
Balance at 30 June 2014	-	**424**	**424**
Balance at 1 July 2014	-	424	424
Additions	-	151	151
Disposals	-	-	-
Balance at 30 June 2015	-	**575**	**575**
Depreciation and impairment losses			
Balance at 1 July 2013	247	-	247
Amortisation for the year	3	-	3
Impairment Loss	-	-	-
Disposals	(250)	-	(250)
Balance at 30 June 2014	-	-	-
Balance at 1 July 2014	-	-	-
Amortisation for the year	-	-	-
Impairment Loss	-	-	-
Disposals	-	-	-
Balance at 30 June 2015	-	-	-
Carrying Amounts			
At 30 June 2015	-	575	575
At 30 June 2014	-	424	424

9. Investment property

	2015	2014
	$000	$000
Opening Balance 1 July	893	1,225
Disposals	-	(225)
Gain/(Loss) on Disposal	-	(25)
Fair value gains/(losses) on valuation	(35)	(82)
Balance at 30 June	858	893

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

10. Loan & Borrowings

	2015 $000	2014 $000
Current Account Overdraft	583	-
Flexible Finance Loan	800	800
Bank Term Loan	4,241	2,241
	5,624	3,041
The bank term loans are split as follows:-		
Current	962	753
Non-current	3,279	1,488
	4,241	2,241

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

Group	2015 $000	2014 $000	Maturing	Interest Repricing due
Overdraft Facility ($200K) - Interest Rate10.45% (LY 10.2%)	23	-	Variable	N/A
Overdraft Facility ($600K) - Interest Rate 10.00% (LY N/A)	394	-	Variable	N/A
Overdraft Facility ($200K) - Interest Rate 9.35% (LY 9.35%)	242	-	Variable	N/A
Secured bank loan - Interest Rate 7.27% (LY 7.27%)	150	*189*	4 Years	2018
Secured bank loan - Interest Rate 6.15% (LY 6.73%)	50	*97*	3mths	2016
Secured bank loan - Interest Rate 6.97% (LY N/A)	2,400	-	3yr	2017
Secured bank loan - Interest Rate 6.15% (LY 6.73%)	63	*121*	3mths	2016
Secured bank loan - Interest Rate 6.17%(LY 6.71%)	102	*132*	3mths	2018
Secured bank loan - Interest Rate 6.98% (LY 6.98%)	286	*423*	2 Years	2017
Committed Cash Advance Facility ($950k) - Interest Rate 6.12%(LY 6.25%)	400	*450*	Variable	2015
Committed Cash Advance Facility ($950k) - Interest Rate 6.12%(LY 6.25%)	400	*350*	Variable	2015
Westpac Term Loan - Interest Rate 6.2% (LY: 6.3%)	350	350	Variable	2015
Westpac Term Loan - Interest Rate 6.4% (LY: 6.2%)	286	297	Variable	2019
Westpac Term Loan - Interest Rate 6.75% (LY: 6.75%)	285	297	Variable	2019
Westpac Term Loan - Interest Rate 6.7% (LY 6.35%)	223	274	Variable	2019
Westpac Term Loan - Interest Rate 6.7% (LY: 6.35%)	45	61	Variable	2019

(Carrying value is not materially different to Face value)

In managing interest rate risks the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the longer-term, however, permanent changes in interest rates will have an impact on profit. At 30 June 2015 it is estimated that a 1% increase in interest rates would decrease the Group's 2016 profit before tax by approximately $26,000 (2014: $20,500.)

The Group has no formal interest rate hedging policy.

11. Deferred Income

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

12. Contingent Liabilities and Contingent Assets

At 30 June 2015, the Group had the following contingent liabilities:

	2015 $000	2014 $000
Guarantees:		
(a) Performance Bonds in favour of Westland District Council	50	65
(b) Performance Bonds in favour of Grey District Council.	525	290
(c) Mining Bonds	17	26
(e) Performance Bond in favour of Transit NZ	63	100
(f) Performance Bond in favour of Department of Conservation	77	84
(g) Performance Bond in favour of Hokitika Rimu Tree Top Walk Ltd	41	41

The only contingent asset is in relation to the Haast Hollyford Agreement, which may see initial costs incurred by the Group reimbursed with agreement from other parties

13. Operating Leases

At 30 June 2015, the Group has the following commitments that relate to leases as lessee:

	2015 $000	2014 $000
Commitment within 12 months	58	14
Commitment between 12 months & 5 years	104	22
Commitment greater than 5 years	18	5

Operating Leases as Lessor

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

	2015 $000	2014 $000
Not later than one year	21	79
Later than one year and not later than five years	71	123
Later than five years	39	169
Total non-cancellable operating leases	131	371

No contingent rents have been recognised during the period.

14. Commitments

Capital Commitments: At 30 June 2015, the Group had capital commitments of $906,000 for the purchase of property plant & equipment due within 12 months of of balance date (2014: NIL.)

Other Commitments: Hokitika Airport Ltd has a contract for painting work which has been completed but has not been invoiced inline with the terms of the contract. Should the company terminate the contract it would be liable up to the value of the work completed which has not been invoiced. The value of the work completed but not invoiced as at 30 June 2015 is $30,000 (2014: Nil).

15. Employee Entitlements

The Group has the following current employee entitlements

	2015 $000	2014 $000
Annual Leave	640	479
Accrued Wages	10	-
Time In Lieu	11	10
Long Service Leave	35	20
Sick Leave	24	21
Retirement Gratuities	55	48
	775	578

The Group has the following non current employee entitlements

	2015 $000	2014 $000
Retirement Gratuities	94	86
Long Service Leave	44	45
	138	131

16. Post Balance Date Events

Subsequent to Balance Date Westroads Ltd & Westland District Property Ltd made the decision to sell the term inventory held as tenants in common. The only impact from this decision would be a change in classification to a current asset.

17. Transactions with Related Parties

These transactions were entered into in the ordinary course of the group's business and on its usual terms and conditions.

Details of these interests are as follows:

Director/ Shareholder	Business in which an Interest is Declared	Type of Transaction	Transaction Amount $000	Balance at 30 June $000
		1 July 2014 to 30 June 2015		
WDC	Westland District Council	Payment - Rentals & Rates & On charges	263	362
WDC	Westland District Council	Sales	5,500	1,014
WDC	Westland District Council	Dividends Paid	-	-
WDC	Westland District Council	Subvention Payment	265	136
P M Cuff	Cuffs Ltd	Purchase - accounting services	76	8
G P King & P M Cuff	Renton Hardware Co Ltd	Purchase - Materials	4	-
G P King & P M Cuff	Renton Chainsaws & Mowers	Purchase - Materials	15	-
D M J Havill	Aratuna Freighters Ltd	Purchase - fuel, freight & other	515	43
D M J Havill	Aratuna Freighters Ltd	Sale - plant hire and material sales	43	-
B O Thomson	B O Thomson	Sale - plant hire and material sales	32	-
		1 July 2013 to 30 June 2014		
WDC	Westland District Council	Payment - Rentals & Rates & On charges	266	206
WDC	Westland District Council	Sales	5,723	730
WDC	Westland District Council	Dividends Paid	165	-
WDC	Westland District Council	Subvention Payment	380	280
WDC	Westland District Council	Loans Repayments	124	-
WDC	Westland District Council	Loan Advance	-	-
P M Cuff	Cuffs Ltd	Purchase - accounting services	29	-
P M Cuff	Beachfront Hotel Ltd	Purchase - entertainment	5	
G P King & P M Cuff	Renton Hardware Co Ltd	Purchase - Materials	1	-
G P King & P M Cuff	Renton Chainsaws & Mowers	Purchase - Materials	30	9
D M J Havill	Aratuna Freighters Ltd	Purchase - fuel, freight & other	652	68
D M J Havill	Aratuna Freighters Ltd	Sale - plant hire and material sales	6	-
B O Thomson	B O Thomson	Sale - plant hire and material sales	26	30
A G Williams	Electronet Ltd	Purchase - Services	1	-
AG Williams	Electronet Services	Sale - Plant hire & Material purchase	1	-
AG Williams	Electronet Services	Purchase - Services & Equipment	13	-

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

The actual subvention payments may differ from the amounts accrued due to finalisation of financial results. Actual amounts paid in 2015 was $265,000 with $136,000 to be paid at balance date. (2014: $212,000, $280,000)

Key management personnel disclosure

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

	2015 $000	2014 $000
Key management personnel compensation comprised		
Short-term employee benefits	14	20
Termination benefits	-	-
	14	20

There are no loans to or from key management personnel.

18. Financial Instruments

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

	2015 $000	2014 $000
Loans and receivables		
Cash and cash equivalents	273	418
Bank overdrafts	(583)	-
Trade accounts receivable	3,588	1,625
Financial Liabilities at amortised cost		
Trade and other payables	1,985	1,305
Borrowings	5,041	3,041

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

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

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

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

Interest Rate Risk

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

Fair value interest rate risk:

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

Cash flow interest rate risk:

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. The group have most borrowings at variable rates. Accordingly, there is an interest rate risk at present (refer note 10.) The directors consider that this risk is balanced by the considerable benefit of the present lower floating rates.

Currency Risk

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

The group has no exposure to currency risk.

Credit Risk

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

Financial instruments which potentially subject the group to risk consist principally of cash and trade receivables.

The group invests in high credit quality financial institutions and limits the amount of credit exposure to any one financial institution. Accordingly, the group does not require any collateral or security to support financial instruments with organisations it deals with.

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

Fair Values

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

Liquidity Risk

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

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

	2015 $000	2014 $000
Net surplus after taxation	666	(66)
Add/(less) non cash items:		
Depreciation and amortisation	1,544	1,445
Increase (decrease) in provision for doubtful debts	-	(18)
Increase/(decrease) in deferred tax liability	(78)	53
Increase/(decrease) in Employee Entitlements	193	62
Fair value (gain)/loss in investment properties	35	82
Total Non-Cash Items	1,694	1,624
Add/(less) items classified		
as investment & financing activities:		
Net loss/(gain) on sale of fixed assets	(99)	(75)
Net loss/(gain) on sale of investment property	-	25
Capital accounts payable	(40)	(57)
Total Investing & Financing Activity Items	(139)	(107)
Add/(less) movements in working capital items:		
Increase/(decrease) in accounts payable and accruals	607	122
Increase/(decrease) in income received in advance	2	(19)
Increase/(decrease) in provision for taxation	(60)	8
Increase/(decrease) in Subvention payment payable	(143)	160
(Increase)/decrease in receivables and prepayments	(1,898)	(294)
(increase)/decrease in tax refund due	(12)	-
(Increase)/decrease in inventory	46	10
(increase)/decrease in term inventory	495	191
(Increase)/decrease in work in progress	(68)	37
Working Capital Movement - Net	(1,031)	215
Net Cash Inflows from Operating Activities	**1,190**	**1,666**

20. Segmental Information

	Revenue $000	Surplus/Deficit $000
Year ended 30 June 2015		
Roading and Infrastructural maintenance contracts	17,728	1,256
Airport Operation	604	155
Property	808	(334)
Holding Company	4	(32)
	19,144	1,045

	Revenue $000	Surplus/Deficit $000
Year ended 30 June 2014		
Roading and Infrastructural maintenance contracts	13,027	818
Airport Operation	536	152
Property	726	(444)
Holding Company	3	(41)
	14,292	485

Revenue includes interest received and other income.

21. Construction Contracts

	2015 $000	2014 $000
Contract costs incurred	6,344	2,993
Recognised profits/losses	1,826	762
	8,170	3,755
Progress billings	8,015	3,680
Gross amounts receivable from Customers	155	75
Retentions receivable in respect of construction contracts	367	90

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

22. Capital Management

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

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

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

23. Breach of Statutory Deadline

The Group has not met the statuory deadline for the completion of its Annual Report of 30 September due to delays with finalising the Subsidaires Finanical Statements.