



# Westland HOLDINGS



**WESTLAND HOLDINGS LIMITED**

**ANNUAL REPORT**

**FOR THE YEAR ENDED 30 JUNE 2014**

## **Independent Auditor's Report**

### **To the readers of Westland Holdings Limited and group's financial statements and statement of service performance for the year ended 30 June 2014**

The Auditor-General is the auditor of Westland Holdings Limited (the company) and group. 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 and group on her behalf.

We have audited:

- the financial statements of the company and group on pages 8 to 11 and 13 to 30, 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 and group on page 12.

## **Opinion**

### **Financial statements and statement of service performance**

In our opinion:

- the financial statements of the company and group on pages 8 to 11 and 13 to 30:
  - comply with generally accepted accounting practice in New Zealand;
  - give a true and fair view of the company and group'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 and group on page 12:
  - complies with generally accepted accounting practice in New Zealand; and
  - gives a true and fair view of the company and group'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 and group as far as appears from an examination of those records.

Our audit was completed on 17 October 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 and group'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 and group'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.

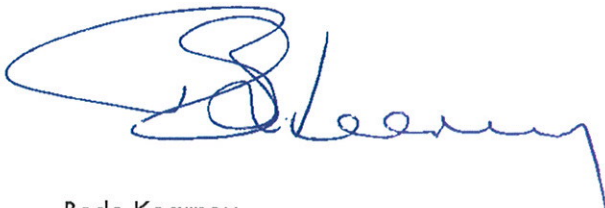
### **Responsibilities of the Auditor**

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

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**Directors:**

Chairman: Graeme P King

Director: Michael T Teen

**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

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The Directors present the Annual Report of Westland Holdings Limited for the year ended 30 June 2014. 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	PARENT
<b>Results for the Year Ended 30 June 2014</b>	<b>\$000</b>	<b>\$000</b>
Net Surplus/(Deficit) before Taxation	483	176
Subvention Payment	380	-
Income Taxation	<u>169</u>	<u>-</u>
Net Surplus/(Deficit) after Taxation	(66)	176
Other comprehensive Income	897	-
Deferred Taxation on Comprehensive Income	<u>66</u>	<u>-</u>
Total Other Comprehensive Income	831	-
<b>Movements in Equity</b>		
Equity (opening balance)	11,221	8,855
Distributions to Owners	(165)	(165)
Surplus/(Deficit) after Taxation	(66)	176
Total Other Comprehensive Income	<u>831</u>	<u>-</u>
Equity (closing balance)	<u>11,821</u>	<u>8,866</u>

## 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

There have been no significant changes in the state of affairs of the company in the year under review.

# DIRECTORS REPORT

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## 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 H Pugh	\$ 6,000
A G Williams	\$ 3,000
M T Teen	<u>\$ 3,000</u>
	\$20,000

Remuneration and other benefits paid or due to directors on behalf of the Group, for services as a director during the year totalled \$134,700.

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

## Director Appointment & Retirement

### Parent:

A G Williams resigned as a director and M T Teen was appointed on 27 November 2013.

M H Pugh resigned as a director on 5 August 2014.

M T Havill was appointed as a director on 25 September 2014.

### Group:

R B Smith resigned as a director of Hokitika Airport Limited on 20 August 2013. D M Havill resigned as a director of Westland District Property Limited on 27 November 2013.

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

## Remuneration of Employees

The parent company had no employees that earned more than \$100,000 during the year. Within the group there was one employee whose remuneration and benefits package was in the band of \$170,000-\$180,000 and one employee in the band of \$140,000-\$150,000. There were no other employees or former employees 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

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## 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 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 Group 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 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: 20/10/14

  
M T Teen  
Director  
Date: 20th October 2014.





## STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2014

	Note	Group 2013/14 \$000	Group 2012/13 \$000	Parent 2013/14 \$000	Parent 2012/13 \$000
Revenue		13,663	12,629	-	-
Cost of Sales	5	9,911	8,277	-	-
<b>Gross Profit</b>		<b>3,752</b>	<b>4,352</b>	<b>-</b>	<b>-</b>
Other Income	4	629	805	217	390
Administrative Expenses	5	3,659	3,976	44	39
<b>Results from operations</b>		<b>722</b>	<b>1,181</b>	<b>173</b>	<b>350</b>
Interest Received		7	9	3	1
Interest Paid		246	170	-	-
<b>Net finance costs</b>		<b>239</b>	<b>161</b>	<b>( 3)</b>	<b>( 1)</b>
Profit before Income Tax		483	1,020	176	352
Subvention Payment		380	325	-	-
Income tax expense	6	169	196	-	9
<b>Profit for the period</b>		<b>( 66)</b>	<b>499</b>	<b>176</b>	<b>343</b>
<b>Other Comprehensive Income</b>					
Gain on Land & Building Revaluation		897	-	-	-
Deferred Taxation on Revaluation	6	66	-	-	-
<b>Total Other Comprehensive Income</b>		<b>831</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Comprehensive Income for the Year</b>		<b>765</b>	<b>499</b>	<b>176</b>	<b>343</b>



## STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2014

Group	Note	Share Capital \$000	Asset Revaluation Reserve \$000	Retained Earnings \$000	Total \$000
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	7	-	-	( 165)	( 165)
<b>Balance 30 June 2014</b>		<b>8,695</b>	<b>831</b>	<b>2,295</b>	<b>11,821</b>

Balance 1 July 2012		8,695	-	2,367	11,062
Profit/(loss) for the period		-	-	499	499
Other Comprehensive Income		-	-	-	-
Deferred Tax on Revaluation		-	-	-	-
Dividends to equity holders	7	-	-	( 340)	( 340)
<b>Balance 30 June 2013</b>		<b>8,695</b>	<b>-</b>	<b>2,526</b>	<b>11,221</b>

Parent		Share Capital \$000	Asset Revaluation Reserve \$000	Retained Earnings \$000	Total \$000
Balance 1 July 2013		8,695	-	160	8,855
Profit/(loss) for the period		-	-	176	176
Other Comprehensive Income		-	-	-	-
Deferred Tax on Revaluation		-	-	-	-
Dividends to equity holders	7	-	-	( 165)	( 165)
<b>Balance 30 June 2014</b>		<b>8,695</b>	<b>-</b>	<b>171</b>	<b>8,866</b>

Balance 1 July 2012		8,695	-	157	8,852
Profit/(loss) for the period		-	-	343	343
Other Comprehensive Income		-	-	-	-
Deferred Tax on Revaluation		-	-	-	-
Dividends to equity holders	7	-	-	( 340)	( 340)
<b>Balance 30 June 2013</b>		<b>8,695</b>	<b>-</b>	<b>160</b>	<b>8,855</b>

# FINANCIAL STATEMENTS



## BALANCE SHEET

as at 30 June 2014

	Note	Group 30-Jun-14 \$000	Group 30-Jun-13 \$000	Parent 30-Jun-14 \$000	Parent 30-Jun-13 \$000
<b>EQUITY</b>					
Share capital	7	8,695	8,695	8,695	8,695
Retained earnings		2,295	2,526	171	160
Asset Revaluations Reserves		831	-	-	-
		<b>11,821</b>	<b>11,221</b>	<b>8,866</b>	<b>8,855</b>
represented by:					
<b>CURRENT ASSETS</b>					
Cash and Bank		418	414	170	152
Tax Refundable	6	1	-	1	-
Accounts Receivable	8	1,625	1,244	-	-
Subvention payment receivabl	8	-	-	12	20
Inventories	9	412	422	-	-
Prepayments		2	19	-	-
Work in Progress		121	158	-	-
		<b>2,579</b>	<b>2,257</b>	<b>183</b>	<b>172</b>
<b>CURRENT LIABILITIES</b>					
Accounts Payable and Accruals		1,305	1,131	12	12
Deferred Income		30	59	-	-
Subvention payment payable		280	112	-	-
Bank Overdraft (secured)		-	72	-	-
Employee Entitlements	19	578	523	-	-
Flexible Finance Loan	14	800	300	-	-
Current Portion of Term Loan	14	753	1,358	-	-
Tax payable		104	95	-	-
		<b>3,850</b>	<b>3,650</b>	<b>12</b>	<b>12</b>
<b>WORKING CAPITAL</b>		<b>( 1,271)</b>	<b>( 1,393)</b>	<b>171</b>	<b>160</b>
<b>NON-CURRENT ASSETS</b>					
Property Plant & Equipment	10	12,783	11,422	-	-
Investment Property	13	893	1,225	-	-
Term Inventory	9	885	1,076	-	-
Intangible Assets	11	424	427	-	-
		<b>14,985</b>	<b>14,150</b>	<b>-</b>	<b>-</b>
<b>INVESTMENTS</b>					
		-	-	8,695	8,695
		-	-	8,695	8,695
<b>NON-CURRENT LIABILITIES</b>					
Employee Entitlements	19	131	124	-	-
Bank Term loans	14	1,488	1,257	-	-
Deferred Tax Liability	6	274	155	-	-
		<b>1,893</b>	<b>1,536</b>	<b>-</b>	<b>-</b>
		<b>11,821</b>	<b>11,221</b>	<b>8,866</b>	<b>8,855</b>

Date: 20/10/14

Date: 20/10/14

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



# STATEMENT OF CASH FLOWS

For the year ended 30 June 2014

	Note	Group 2013/14 \$000	Group 2012/13 \$000	Parent 2013/14 \$000	Parent 2012/13 \$000
<b>Cash Flows from Operating Activities</b>					
<i>Cash was provided from:</i>					
Dividends received		-	-	205	370
Receipts from customers and other sources		13,826	14,003	20	46
Sale of Development Land		115	-	-	-
Interest received		7	9	3	1
Income tax refunded		1	-	-	-
<b>Total Cash Inflow from Operating Activities</b>		<b>13,949</b>	<b>14,012</b>	<b>228</b>	<b>417</b>
<i>Cash was disbursed to:</i>					
Payments to suppliers and employees		11,659	11,194	45	70
Taxes paid		107	263	-	-
Subvention payments made		266	388	-	-
Purchase of Term Inventory		5	65	-	-
Interest paid		246	170	-	-
<b>Total Cash Outflow from Operating Activities</b>		<b>12,283</b>	<b>12,080</b>	<b>45</b>	<b>70</b>
<b>Net Cash Inflow from Operating Activities</b>	23	<b>1,666</b>	<b>1,932</b>	<b>183</b>	<b>347</b>
<b>Cash Flows from Investing Activities</b>					
<i>Cash was provided from:</i>					
Proceeds from sale of property, plant and equipment		524	262	-	-
Sale of investments		225	-	-	-
<b>Total Cash Inflows from Investing Activities</b>		<b>749</b>	<b>262</b>	<b>-</b>	<b>-</b>
<i>Cash was applied to:</i>					
Purchase of property, plant and equipment		2,301	2,779	-	-
<b>Total Cash Outflows from Investing Activities</b>		<b>2,301</b>	<b>2,779</b>	<b>-</b>	<b>-</b>
<b>Net Cash Outflow from Investing Activities</b>		<b>(1,552)</b>	<b>(2,517)</b>	<b>-</b>	<b>-</b>
<b>Cash Flows from Financing Activities</b>					
<i>Cash was provided from:</i>					
Proceeds of Loans & Bank Advances		560	1,621	-	-
<b>Total Cash Inflows from Financing Activities</b>		<b>560</b>	<b>1,621</b>	<b>-</b>	<b>-</b>
<i>Cash was applied to:</i>					
Loan Repayments		433	533	-	-
Dividends Paid		165	340	165	340
Equity Investment in Subsidiaries		-	-	-	-
<b>Total Cash Outflow from Financing Activities</b>		<b>598</b>	<b>873</b>	<b>165</b>	<b>340</b>
<b>Net Cash Inflow/(Outflow) from Financing Activities</b>		<b>( 38)</b>	<b>748</b>	<b>( 165)</b>	<b>( 340)</b>
Net Increase/(Decrease) in Cash Held		76	163	18	7
Add Opening Bank Balance at 1 July		342	179	152	145
<b>Bank Balance at 30 June</b>		<b>418</b>	<b>342</b>	<b>170</b>	<b>152</b>
<i>Made up of:</i>					
Cash		418	414	170	152
Bank Overdraft		-	( 72)	-	-
		<b>418</b>	<b>342</b>	<b>170</b>	<b>152</b>





# STATEMENT OF SERVICE PERFORMANCE

For the year ended 30 June 2014

Performance Target	Outcome
1 Draft Statement of Intent submitted to WDC for approval by 1 March each year and final by 30 June	Not Achieved. Draft SOI not sent until 24 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	Achieved.
4 Major matters of urgency are reported to the appropriate Council committee or the CE of the WDC within 3 days	Achieved - No major matters of urgency.
5 The Chair will initiate an independent formal evaluation of the WHL directorate bi-annually, the first to be undertaken in the 2013/14 year.	Not Achieved. WDC's review of CCO's indicated removal of WHL.
6 To review the training needs of individual directors, and ensure training is provided where required.	Achieved. Training held in July & August 2013.
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 2013/14
8 WHL negotiates with WDC to pay an achievable distribution for the 2013/14 financial year prior to finalising WDC's budget.	Achieved.
9 To meet budgeted level of distribution income	Achieved. \$205K Dividend income from Subsidiaries.Plus Subvention payments of \$380K to WDC
10 That the adopted directors policy be followed for any director appointments	Achieved for WHL director appointments. No subsidiary director appointments
11 Draft Statements of Intent to be received by subsidiary companies by 14 February	Achieved.
12 WHL to respond to draft Statements of Intent by 30 April	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
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 - 67.30%

# NOTES TO THE FINANCIAL STATEMENTS

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## 1. 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 1993 and the Local Government Act 2002.

The Group consists of Westland Holdings Limited, Hokitika Airport Limited, Westland District Property Limited, Westroads Limited and its 100% owned subsidiary, Westroads Greymouth Limited. All group companies are incorporated in New Zealand.

## 2. 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 20 October 2014.

### b. Measurement Base

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

### c. 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.

### 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 below:

Note 9 - Inventory valuation and provision for obsolescence

Note 10 - Depreciation and estimated useful lives of property, plant and equipment

Note 13 – Investment Property

Note 17 - Employee Entitlements



## NOTES TO THE FINANCIAL STATEMENTS

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### 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 parent company and fold its activities, assets and liabilities back into its parent entity, Westland District Council. 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.

Further, because of 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.

### 3. Changes in Accounting Policies

Westroads Ltd, a subsidiary of Westland Holdings Ltd 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.

### 4. 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**

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.

##### (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 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.

##### (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.

## NOTES TO THE FINANCIAL STATEMENTS

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

	2013/14	2012/13
○ 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

### (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) **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.

### (c) **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.

### (d) **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.

## NOTES TO THE FINANCIAL STATEMENTS

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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.

### (e) **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.

### (f) **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.

#### (i) **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.

#### (ii) **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

## NOTES TO THE FINANCIAL STATEMENTS

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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.

### (g) 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.

### (h) 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.

### (i) 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 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.

## NOTES TO THE FINANCIAL STATEMENTS

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### (iii) 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.

### (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 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.

## (j) 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.

## (k) 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.

## (l) 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. The stage of completion is assessed by reference to surveys of work performed.

### (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

## NOTES TO THE FINANCIAL STATEMENTS

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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.

### (m) 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.

### (n) 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.

### (o) Consolidation

The company has four 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



## NOTES TO THE FINANCIAL STATEMENTS

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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.

### (p) **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, Westland Holdings 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. Westland Holdings 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.

## NOTES TO THE FINANCIAL STATEMENTS

	Group 2013/14 \$000	Group 2012/13 \$000	Parent 2013/14 \$000	Parent 2012/13 \$000
<b>4. Other Income</b>				
Gain on sale of property, plant & equipment	109	93	-	-
Lease receipts	515	705	-	-
Recoveries	5	-	-	-
Subvention payment income	-	-	12	20
Change in fair value of investment property	-	7	-	-
Dividends received	-	-	205	370
	<u>629</u>	<u>805</u>	<u>217</u>	<u>390</u>
<b>5. Nature of Expenses</b>				
<i>The following items are included in the expenditure of the Company and the Group</i>				
Audit fees to Audit NZ comprising audit of financial statements	83	75	10	7
Depreciation & amortisation	1,445	1,304	-	-
Loss on sale of property, plant & equipment	34	16	-	-
Directors' Fees	134	142	20	20
Donations	-	-	-	-
Rental and operating lease costs	318	182	-	-
Change in Provision for Doubtful Debts	( 102)	32	-	-
Bad Debts Written off	106	-	-	-
Personnel Expenses				
Wages & Salaries	5,289	4,763	1	1
Contributions to defined contribution plans	195	140	-	-
Long service leave	3	8	-	-
Retiring gratuities	19	6	-	-
	<u>5,506</u>	<u>4,917</u>	<u>1</u>	<u>1</u>
<b>6. Taxation</b>				
Surplus/(deficit) before taxation	483	1,020	176	352
Prima facie taxation @ 28%	136	286	49	98
Plus taxation effect Deferred Tax unable to be recognised	115	-	-	-
Plus (less) taxation effect of permanent differences	24	1	( 3)	( 3)
Plus Subvention Payments	-	12	-	-
(Less) Tax Effect of Parent Loss Offset with Westroads	-	-	8	15
(Less) Tax Effect of Subvention Payment to WDC	( 106)	( 94)	-	-
(Less) Tax Effect of Group Loss Offset from WDC	-	( 9)	-	-
Tax Effect of Imputation Credits	-	-	( 54)	( 101)
Taxation Expense	<u>169</u>	<u>196</u>	<u>-</u>	<u>9</u>
<i>The taxation charge is represented by:</i>				
Current taxation	116	270	-	-
Subvention Payments	-	12	-	-
Deferred taxation	53	( 86)	-	9
	<u>169</u>	<u>196</u>	<u>-</u>	<u>9</u>
<i>Deferred taxation asset (liability)</i>				
Opening Balance	( 155)	( 241)	-	9
Movement Recognised in Profit or Loss	( 53)	86	-	( 9)
Movement Recognised in Other Comprehensive Income	( 66)	-	-	-
	<u>( 274)</u>	<u>( 155)</u>	<u>-</u>	<u>-</u>

## NOTES TO THE FINANCIAL STATEMENTS

Group	Group	Parent	Parent
2013/14	2012/13	2013/14	2012/13
\$000	\$000	\$000	\$000

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 income statement.

Deferred tax assets and liabilities are attributable to the following:

Tax Losses Carried Forward (Asset)	-	-	-	-
Employee benefit plans (Asset)	36	36	-	-
Accruals (Asset)	159	221	-	-
Receivables Impairment (Asset)	3	32	-	-
Property, Plant & Equipment (Liability)	( 472)	( 444)	-	-
	( 274)	( 155)	-	-

*Imputation Credit Account*

<i>Imputation Credits available for use in subsequent periods</i>	1,092	1,027	176	164
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### 7. Share Capital

At 30 June 2014 the Company has issued 8,424,792 (2013 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.

### 8. Receivables

Trade Debtors - non related	783	730	-	-
Trade Debtors - related parties	759	568	-	-
Subvention payment receivable	-	-	12	20
GST Receivable	-	9	-	-
Provision for Doubtful Debts	( 17)	( 130)	-	-
Contract Retentions	90	63	-	-
Cost Fluctuation Adjustment Accruals	10	4	-	-
	1,625	1,244	12	20

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

	Gross Receivable	Impairment	Gross Receivable	Impairment
	2013/14	2013/14	2012/13	2012/13
Not past due	1,342	-	1,006	-
Past due 0-30 days	136	-	83	-
Past due 31-120 days	26	-	53	-
Past due 121-360 days	30	13	112	96
Past due more than 1 year	8	3	44	34
	1,542	16	1,298	130

## NOTES TO THE FINANCIAL STATEMENTS

	Group 2013/14 \$000	Group 2012/13 \$000	Parent 2013/14 \$000	Parent 2012/13 \$000
9. Inventory				
Metal Stocks	155	150	-	-
Other Supplies	257	272	-	-
	412	422	-	-
Provision for Obsolescence	-	-	-	-
	412	422	-	-

### Term Inventory

Term Inventory comprises parts of land held for subdivision and sale purposes \$885,000(2013 \$1,076,000). Of this \$350,000 (2013 \$345,000) 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%.

### 10. Property, plant and equipment (Group)

	Land & Buildings \$000	Plant & Equipment \$000	Office Furniture & Equipment \$000	Airport Runway Infrastructure \$000	Under Construction \$000	Total \$000
<b>Cost or deemed cost</b>						
Balance at 1 July 2012	3,250	11,139	304	2,400	20	17,113
Additions	1,107	1,743	22	-	14	2,886
Transfer to Investment Property	( 310)	-	-	-	-	( 310)
Disposals	-	( 764)	-	-	( 13)	( 777)
Balance at 30 June 2013	4,047	12,118	326	2,400	21	18,912
Balance at 1 July 2013	4,047	12,118	326	2,400	21	18,912
Additions	213	2,030	12	-	105	2,360
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
<b>Depreciation and impairment losses</b>						
Balance at 1 July 2012	454	5,844	242	244	13	6,797
Depreciation for the year	74	1,140	25	44	-	1,283
Disposals	-	( 577)	-	-	( 13)	( 590)
Balance at 30 June 2013	528	6,407	267	288	-	7,490
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
<b>Carrying Amounts</b>						
At 1 July 2012	2,796	5,295	62	2,156	7	10,316
At 30 June 2013	3,519	5,711	59	2,112	21	11,422
At 1 July 2013	3,519	5,711	59	2,112	21	11,422
At 30 June 2014	4,476	6,077	44	2,066	120	12,783

### Security

At 30 June 2014 properties with a carrying value of \$1,633,000 (2013: \$1,650,000) are subject to a registered mortgage to secure bank loans.

At 30 June 2014 plant & equipment with a carrying value of \$1,466,000 (2012: \$719,000) are subject to a registered chattel security.

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

### Property, plant and equipment (Parent)

The parent company owns no property, plant and equipment

### 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 11. Intangible Assets (Group)

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 2013/14 \$000	Goodwill 2013/14 \$000	Total 2013/14 \$000	Mining Licences 2012/13 \$000	Goodwill 2012/13 \$000	Total 2012/13 \$000
<b>Cost or deemed cost</b>						
Balance at 1 July	250	424	674	250	424	674
Additions	-	-	-	-	-	-
Disposals	( 250)	-	( 250)	-	-	-
Balance at 30 June	-	424	424	250	424	674
<b>Depreciation and impairment losses</b>						
Balance at 1 July	247	-	247	226	-	226
Amortisation for the year	3	-	3	21	-	21
Impairment Loss	-	-	-	-	-	-
Disposals	( 250)	-	( 250)	-	-	-
Balance at 30 June	-	-	-	247	-	247
<b>Carrying Amounts</b>						
At 1 July	3	424	427	24	424	448
At 30 June	-	424	424	3	424	427

### Intangible Assets (Parent)

The parent company owns no intangible assets.

	Group 2013/14 \$000	Group 2012/13 \$000	Parent 2013/14 \$000	Parent 2012/13 \$000
<b>12. Investments</b>				
Hokitika Airport Limited	-	-	2,718	2,718
Westroads Limited	-	-	3,350	3,350
Westland District Property Ltd	-	-	2,627	2,627
	-	-	8,695	8,695

### 13. Investment property

Opening Balance 1 July	1,225	908	-	-
Additions from acquisitions	-	-	-	-
Disposals	( 225)	-	-	-
Transfers from/(to) Property Plant & Equipment	-	310	-	-
Gain/(Loss) on Disposal	( 25)	-	-	-
Fair value gains/(losses) on valuation	( 82)	7	-	-
Balance at 30 June	893	1,225	-	-

Investment properties are valued annually effective at 30 June to fair value by Quotable Value.

Quotable Value is an experienced valuer, with extensive market knowledge in the types and location of property owned by the group.

Related lease receipts are \$138,000, with direct operating expenses of \$61,000.

## NOTES TO THE FINANCIAL STATEMENTS

	Group 2013/14 \$000	Group 2012/13 \$000	Parent 2013/14 \$000	Parent 2012/13 \$000
<b>14. Loan &amp; Borrowings</b>				
Current Account Overdraft	-	72	-	-
Flexible Finance Loan	800	300	-	-
Bank Term Loan	2,241	2,615	-	-
	<u>3,041</u>	<u>2,987</u>	<u>-</u>	<u>-</u>
The bank term loans are split as follows:-				
Current	753	1,358	-	-
Non-current	1,488	1,257	-	-
	<u>2,241</u>	<u>2,615</u>	<u>-</u>	<u>-</u>

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

Group	2013/14 \$000	2012/13 \$000	Maturing	Interest Repricing due
Overdraft Facility (\$200K) - Interest Rate 10.2% (LY 10.2%)	-	72	N/A	Variable
Overdraft Facility (\$200K) - Interest Rate 9.35% (LY 9.35%)	-	-	N/A	Variable
Secured bank loan - Interest Rate 7.27% (LY 7.27%)	189	229	2018	5 Years
Secured bank loan - Interest Rate 6.73% (LY 6.03%)	97	141	2016	3mths
Secured bank loan - Interest Rate NIL (LY 6.5%)	-	9	2013	3mths
Secured bank loan - Interest Rate NIL% (LY 6.89%)	-	10	2014	3mths
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	3 Years
Committed Cash Advance Facility (\$950k) - Interest Rate 6.25% (LY 5.5%)	450	300	2014	Variable
Committed Cash Advance Facility (\$950k) - Interest Rate 6.25% (LY NIL)	350	-	2014	Variable
WDC Unsecured Loan - Interest Rate (LY 8%)	-	124	2014	N/A
Westpac Term Loan - Interest Rate (LY: 5.5%)	-	850	2014	N/A
Westpac Term Loan - Interest Rate 6.3% (LY: N/A)	350	-	2015	1 mth
Westpac Term Loan - Interest Rate 6.2% (LY: N/A)	297	-	2019	1 mth
Westpac Term Loan - Interest Rate 6.75% (LY: N/A)	297	-	2019	2 yrs
Westpac Term Loan - Interest Rate 6.35% (LY: 5.7%)	274	289	2019	Variable
Westpac Term Loan - Interest Rate 6.35% (LY: 5.7%)	61	58	2019	Variable
(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 2014 it is estimated that a 1% increase in interest rates would decrease the Group's 2015 profit before tax by approximately \$20,500 (2013 \$17,000.)

The company has no formal interest rate hedging policy.

### 15. Deferred Income

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

### 16. Contingent Liabilities and Contingent Assets

At 30 June 2014, the Company and Group had the following contingent liabilities:

	Group 2013/14 \$000	Group 2012/13 \$000	Parent 2013/14 \$000	Parent 2012/13 \$000
<b>Guarantees:</b>				
(a) Performance Bonds in favour of Westland District Council	65	65	-	-
(b) Performance Bonds in favour of Grey District Council.	290	290	-	-
(c) Mining Bonds	26	35	-	-
(e) Performance Bond in favour of Transit NZ	100	63	-	-
(f) Performance Bond in favour of Department of Conservation	84	84	-	-
(g) Performance Bond in favour of Hokitika Rimu Tree Top Walk Ltd	41	41	-	-

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



## NOTES TO THE FINANCIAL STATEMENTS

	Group	Group	Parent	Parent
	2013/14	2012/13	2013/14	2012/13
<b>17. Operating Leases</b>				
At 30 June 2014, the Company & Group has the following commitments that relate to leases as lessee:	\$000	\$000	\$000	\$000
Commitment within 12 months	14	65	-	-
Commitment between 12 months & 5 years	22	133	-	-
Commitment greater than 5 years	5	328	-	-

### 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:-

Not later than one year	79	42	-	-
Later than one year and not later than five years	123	110	-	-
Later than five years	169	326	-	-
<b>Total non-cancellable operating leases</b>	<b>371</b>	<b>478</b>	<b>-</b>	<b>-</b>

No contingent rents have been recognised during the period.

### 18. Capital Commitments

At 30 June 2014, the Group had no capital commitments for the purchase of property plant & equipment due within 12 months of balance date (2013 \$1,478,500.) The company has no capital commitments (2013 \$Nil.)

### 19. Employee Entitlements

The Company and Group has the following current employee entitlements

	\$000	\$000	\$000	\$000
Annual Leave	479	433	-	-
Time in Lieu	10	8	-	-
Long Service Leave	20	3	-	-
Sick Leave	21	21	-	-
Retirement Gratuities	48	58	-	-
	<b>578</b>	<b>523</b>	<b>-</b>	<b>-</b>

The Company and Group has the following non current employee entitlements

Retirement Gratuities	86	79	-	-
Long Service Leave	45	45	-	-
	<b>131</b>	<b>124</b>	<b>-</b>	<b>-</b>

### 20. Post Balance Date Events

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

## NOTES TO THE FINANCIAL STATEMENTS

### 21. Transactions with Related Parties

During the year the Group transacted business with businesses in which Directors and Shareholders 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	Business in which an Interest is Declared	Type of Transaction	Transaction Amount \$000	Balance at 30 June \$000	Transaction Amount \$000	Balance at 30 June \$000
<i>1 July 2013 to 30 June 2014</i>						
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	-	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	-	7	-
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 Hardware Co Ltd	Sale - plant hire and material sales	-	-	-	-
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	-	-
R B Smith	Cradenlie Holdings Ltd	Purchase - Management Fees	-	-	-	-
R B Smith	Cradenlie Holdings Ltd	Purchase - Vehicle	-	-	-	-
R B Smith	K J Smith	Purchase - Services	-	-	-	-
R B Smith	Hokitika Lawn & Garden	Purchase - Services	-	-	-	-
R B Smith	Excavator Parts & Machinery LI	Purchase - Assets & Web Design	-	-	-	-
WR	Westroads Ltd	Dividends Received	-	-	195	-
WR	Westroads Ltd	Subvention Payment	-	-	12	12
HAL	Hokitika Airport Ltd	Dividends Received	-	-	10	-
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	-	-	-
<i>1 July 2012 to 30 June 2013</i>						
WDC	Westland District Council	Payment - Rentals & Rates & On charges	339	110	-	-
WDC	Westland District Council	Sales	6,714	547	-	-
WDC	Westland District Council	Dividends Paid	340	-	340	-
WDC	Westland District Council	Subvention Payment	337	112	-	-
WDC	Westland District Council	Loans Repayments	189	-	-	-
WDC	Westland District Council	Loan Advance	124	124	-	-
P M Cuff	Cuffs Ltd	Purchase - accounting services	28	-	6	-
M J Fahey	Fahey Contracting	Sales - plant hire and material sales	1	-	-	-
G P King & P M Cuff	Renton Hardware Co Ltd	Purchase - Materials	11	1	-	-
G P King & P M Cuff	Renton Hardware Co Ltd	Sale - plant hire and material sales	2	-	-	-
G P King & P M Cuff	Renton Chainsaws & Mowers	Purchase - Materials	15	2	-	-
D M J Havill	Aratuna Freighters Ltd	Purchase - fuel, freight & other	572	55	-	-
D M J Havill	Aratuna Freighters Ltd	Sale - plant hire and material sales	9	-	-	-
B O Thomson	B O Thomson	Sale - plant hire and material sales	3	-	-	-
R B Smith	Cradenlie Holdings Ltd	Purchase - Management Fees	77	-	-	-
R B Smith	Cradenlie Holdings Ltd	Purchase - Vehicle	13	-	-	-
R B Smith	K J Smith	Purchase - Services	1	-	-	-
R B Smith	Hokitika Lawn & Garden	Purchase - Services	6	-	-	-
R B Smith	Excavator Parts & Machinery LI	Purchase - Assets & Web Design	41	6	-	-
WR	Westroads Ltd	Dividends Received	-	-	360	-
WR	Westroads Ltd	Subvention Payment	-	-	20	20
HAL	Hokitika Airport Ltd	Dividends Received	-	-	10	-
A G Williams	Electronet Ltd	Purchase - Services	1	-	-	-
AG Williams	Electronet Services	Sale - Plant hire & Material purchase	51	4	-	-
AG Williams	Electronet Services	Purchase - Services & Equipment	10	2	-	-
AG Williams	Ashley Hotel	Purchase - Entertainment/Asset	3	-	-	-

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 2014 was \$212,000 with \$280,000 to be paid at balance date. (2013: \$225,000, \$112,000)

## NOTES TO THE FINANCIAL STATEMENTS

### Key management personnel disclosure

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

	Parent 2013/14 \$000	Parent 2012/13 \$000
Key management personnel compensation comprised		
Short-term employee benefits	20	20
Termination benefits	-	-
	<u>20</u>	<u>20</u>

There are no loans to or from key management personnel.

## 22. Financial Instruments

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

	Group 2013/14 \$000	Group 2012/13 \$000	Parent 2013/14 \$000	Parent 2012/13 \$000
<b><i>Loans and receivables</i></b>				
Cash and cash equivalents	418	414	170	152
Bank overdrafts	-	( 72)	-	-
Trade accounts receivable	1,625	1,244	-	-
<b><i>Financial Liabilities at amortised cost</i></b>				
Trade and other payables	1,306	1,131	12	12
Borrowings	3,041	2,915	-	-

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 14.

The Company and 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 company and 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 company and group to fair value interest rate risk. The company and 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 company and group have most borrowings at variable rates. Accordingly, there is an interest rate risk at present (refer note 14.) 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 Company and 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 Company and Group to incur a loss.

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

## NOTES TO THE FINANCIAL STATEMENTS

The Company and Group invests in high credit quality financial institutions and limits the amount of credit exposure to any one financial institution. Accordingly, the Company and 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 Company and 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 Company and Group evaluates its liquidity requirements on an ongoing basis. In future, the Company and Group will generate sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities.

	Group 2013/14 \$000	Group 2012/13 \$000	Parent 2013/14 \$000	Parent 2012/13 \$000
<b>23. Reconciliation of Net Surplus after Taxation with Cash Inflow from Operating Activities</b>				
Net surplus after taxation	( 66)	499	176	343
<i>Add/(less) non cash items:</i>				
Depreciation and amortisation	1,445	1,304	-	-
Increase (decrease) in provision for doubtful debts	( 18)	116	-	-
Increase/(decrease) in deferred tax liability	53	( 86)	-	9
Increase/(decrease) in Employee Entitlements	62	20	-	-
Fair value (gain)/loss in investment properties	82	( 7)	-	-
<b>Total Non-Cash Items</b>	<b>1,624</b>	<b>1,347</b>	<b>-</b>	<b>9</b>
<i>Add/(less) items classified as investment &amp; financing activities:</i>				
Net loss/(gain) on sale of fixed assets	( 75)	( 77)	-	-
Net loss/(gain) on sale of investment property	25	-	-	-
Capital accounts payable	( 57)	( 107)	-	-
<b>Total Investing &amp; Financing Activity Items</b>	<b>( 107)</b>	<b>( 184)</b>	<b>-</b>	<b>-</b>
<i>Add/(less) movements in working capital items:</i>				
Increase/(decrease) in accounts payable and accruals	122	( 62)	-	( 31)
Increase/(decrease) in income received in advance	( 19)	35	-	-
Increase/(decrease) in provision for taxation	8	17	-	-
Increase/(decrease) in Subvention payment payable	160	( 16)	-	-
(Increase)/decrease in receivables and prepayments	( 294)	447	8	26
(increase)/decrease in tax refund due	-	-	( 1)	-
(Increase)/decrease in inventory	10	( 1)	-	-
(increase)/decrease in term inventory	191	( 87)	-	-
(Increase)/decrease in work in progress	37	( 63)	-	-
<b>Working Capital Movement - Net</b>	<b>215</b>	<b>270</b>	<b>7</b>	<b>( 5)</b>
<b>Net Cash Inflows from Operating Activities</b>	<b>1,666</b>	<b>1,932</b>	<b>183</b>	<b>347</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 24. Segmental Information

	Group 2013/14		Group 2012/13	
	Revenue	Surplus/Deficit before tax	Revenue	Surplus/Deficit before tax
	\$000	\$000	\$000	\$000
Roading and Infrastructural maintenance contracts	13,027	818	11,910	1,014
Airport Operation	536	152	516	282
Property	726	( 444)	1,017	( 238)
Holding Company	3	( 41)	-	( 38)
	<u>14,292</u>	<u>485</u>	<u>13,443</u>	<u>1,020</u>

	Parent 2013/14		Parent 2012/13	
	Revenue	Surplus/Deficit before tax	Revenue	Surplus/Deficit before tax
	\$000	\$000	\$000	\$000
Roading and Infrastructural maintenance contracts	-	-	-	-
Airport Operation	-	-	-	-
Property	-	-	-	-
Holding Company	220	176	391	352
	<u>220</u>	<u>176</u>	<u>391</u>	<u>352</u>

Revenue includes interest received and other income.

	Group		Parent	
	2013/14	2012/13	2013/14	2012/13
	\$000	\$000	\$000	\$000
25. Construction Contracts				
Contract costs incurred	2,993	3,476	-	-
Recognised profits/losses	762	1,499	-	-
	<u>3,755</u>	<u>4,975</u>	<u>-</u>	<u>-</u>
Progress billings	3,680	4,947	-	-
Gross amounts receivable from Customers	75	28	-	-
	<u>75</u>	<u>28</u>	<u>-</u>	<u>-</u>
Retentions receivable in respect of construction contracts	90	63	-	-

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.

## 26. 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.

## 27. Breach of Statutory Deadline

The company has not met the statutory deadline for the completion of its Annual Report of 30 September due to delays with finalising the Subsidiaries Financial Statements.