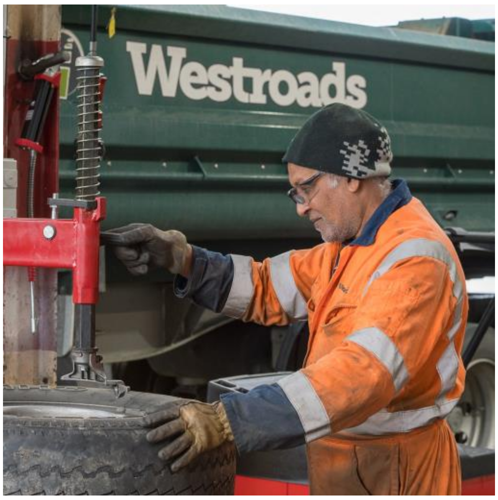
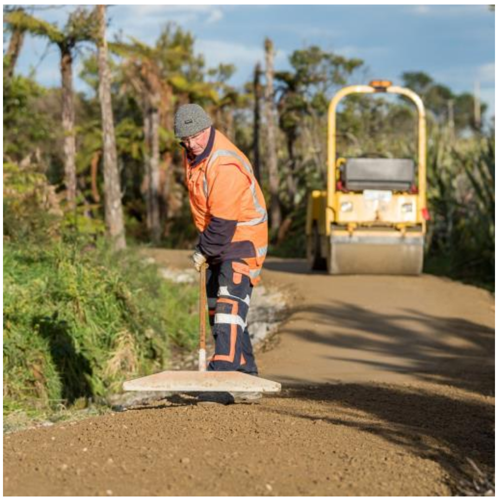
ANNUAL REPORT





2019

WESTROADS LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

Independent Auditor's Report

To the readers of Westroads Limited's financial statements and statement of service performance for the year ended 30 June 2019

The Auditor-General is the auditor of Westroads Limited (the company). The Auditor-General has appointed me, Chantelle Gernetzky, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of the company on his behalf.

Opinion

We have audited:

- the financial statements of the company on pages 8 to 12 and 14 to 36, that comprise the statement of financial position as at 30 June 2019, the statement of comprehensive income, statement of changes in equity, statement of cashflows for the year ended on that date, statement of accounting policies and the notes to the financial statements that include other explanatory information; and
- the performance information of the company on pages 13 and 37 (note 21 only).

In our opinion:

- the financial statements of the company on pages 8 to 12 and 14 to 36:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2019; and
    - its financial performance and cashflows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with the New Zealand equivalents to International Financial Reporting Standards Tier 2 Reduced Disclosure Regime; and
- the performance information of the company on pages 13 and 37 (note 21 only) presents fairly, in all material respects, the company's actual performance compared against the performance targets and other measures by which performance was judged in relation to the company's objectives for the year ended 30 June 2019.

Our audit was completed on 27 September 2019. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the financial statements and the performance information

The Board of Directors is responsible on behalf of the company for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparing the performance information for the company.

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

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

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

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

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

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

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

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We evaluate the appropriateness of the reported performance information within the company's framework for reporting its performance.

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

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 4 to 7, but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the company in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1(Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

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

Chantelle Gernetzky
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

DIRECTORS

Chairman:	Peter Cuff
Deputy Chair:	Bryce Thomson
Director:	Durham Havill (resigned 31 May 2019)
Director:	Ross Pickworth

- **REGISTERED OFFICE**

267 Kaniere Road

Hokitika

Phone 03 756 8044

Fax 03 755 6734

- **AUDITOR**

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

- **BANKERS**

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

The Directors of Westroads Ltd have pleasure in presenting the Annual Report together with the audited financial statements of the Company operations for the year ended 30 June 2019.

Westroads Ltd was founded in January 1995 and commenced operation on 1 January 1996.

PRINCIPAL ACTIVITIES

The Company principal activities during the year were:

- Maintenance and construction of roads and bridges including traffic services, streetlights, footpaths, kerb and channel, cycleways and parking facilities;
- Maintenance, operation and development of water treatment and distribution systems;
- Maintenance, operation and development of sewerage collection and treatment systems;
- Maintenance and construction of stormwater collection systems including natural water courses specifically delegated from the Regional Council;
- Maintenance and development of parks, reserves and cemeteries;
- Maintenance of townships including landscaping, sculptures, fountains, garden plots, median islands and public conveniences;
- Installation of ultra-fast broadband cables West Coast wide
- Provision of human resources for civil defence; and
- Manufacture and supply of aggregate and crushed metals.

REVIEW OF OPERATIONS

Results for the Year Ended 30 June 2019	$000
Net Surplus before Taxation	1,536
Subvention Payment	380
Income Taxation	290
Net Surplus After Taxation	865
Other Comprehensive Income	
Deferred Taxation on Comprehensive Income	
Total Other Comprehensive Income	
Movements in Equity	
Equity (opening balance)	9,243
Distributions to Owners	(270)
Surplus after Taxation	865
Total Other Comprehensive Income	
Equity (closing balance)	9,838

DIRECTORS' INTERESTS

Directors have had interests in transactions with the company during the year. Refer note 15 Related Party Transactions.

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

DIRECTORS

Durham Havill resigned his position as Director on the 31st of May 2019

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:

P M Cuff	$30,000
B O Thomson	$26,000
D M J Havill	$23,833
R Pickworth	$26,000
	$105,833

REMUNERATION OF EMPLOYEES

Fifteen senior employees' remuneration and benefits totalled more than $100,000, the combined total of these fifteen employees was $1,984,868.61 broken into the following bands: -

2019

Salary Range		Employees
100,000	110,000	5
110,000	120,000	3
120,000	130,000	3
150,000	160,000	2
180,000	190,000	1
260,000	270,000	1
		15

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.

DONATIONS

The total amount of donations made by the Company during the year is $2,983.

AUDITORS

The Auditor-General is appointed under Section 15 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' DECLARATION

In the opinion of the directors of Westroads Ltd, the financial statements and notes on pages 9 to 39.

- comply with New Zealand generally accepted accounting practice and give a true and fair view of the financial position of the Company as at 30 June 2019 and the results of their operations and cash flows for the year ended on that date
- Have been prepared using appropriate accounting policies, which have been consistently applied and supported by reasonable judgements and estimates.

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

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

For and on behalf of the Board

B. O Thomson

P M Cuff (Chairperson)
Date 27th September 2019

Bryce Thomson (Director)
Date 27th September 2019

WESTROADS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 $000	*2018* *$000*
Revenue	**8**	*31,586*	*27,516*
Cost of Sales	**2**	*24,119*	*19,786*
Gross Profit		*7,467*	*7,729*
Other Income	**1**	*309*	*165*
Administrative Expenses	**2**	*5,815*	*5,104*
Results from operations		*1,961*	*2,790*
Finance Income		*0*	*1*
Finance Expense		*425*	*316*
Net finance costs		*425*	*315*
Profit before Income Tax		*1,536*	*2,475*
Subvention Payment		*380*	*321*
Income tax expense	**3**	*290*	*596*
Profit for the period		***865***	***1,558***
Other Comprehensive Income			
Gain on Land & Building Revaluation		*0*	*106*
Deferred Taxation on Revaluation	**3**	*0*	*(70)*
Total Other Comprehensive Income		***0***	***36***
Total Comprehensive Income for the Year		***865***	***1,595***

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

WESTROADS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Note	Share Capital	Asset Revaluation Reserve	Retained Earnings	Total
		$000	$000	$000	$000
Balance 1 July 2018		1,385	867	6,991	9,243
Profit/(loss) for the period		0	0	865	865
Other Comprehensive Income		0	0	0	0
Deferred Tax on Revaluation		0	0	0	0
Dividends to equity holders	4	0	0	(270)	(270)
Balance 30 June 2019		**1,385**	**867**	**7,586**	**9,838**
Balance 1 July 2017		*1,385*	*831*	*5,513*	*7,728*
Profit/(loss) for the period		*0*	*0*	*1,558*	*1,558*
Other Comprehensive Income		*0*	*106*	*0*	*106*
Deferred Tax on Revaluation		*0*	(70)	*0*	(70)
Dividends to equity holders	4	*0*	*0*	(80)	(80)
Balance 30 June 2018		***1,385***	***867***	***6,991***	***9,243***

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

WESTROADS LIMITED
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 $000	2018 *$000*
EQUITY			
Share capital	4	1,385	*1,385*
Retained earnings		7,586	*6,991*
Asset Revaluation Reserve		868	*867*
		9,839	*9,243*
represented by:			
CURRENT ASSETS			
Cash and Cash Equivalent	20	311	*9*
Trade and other receivables	6	3,927	*3,563*
Prepayments		2	*10*
Inventory	7	1,051	*548*
Work in Progress		11	*14*
Contract Assets	8	1,125	1,256
Total Current Assets		6,427	*5,401*
CURRENT LIABILITIES			
Bank overdraft (Secured)	12	0	*319*
Trade and other payables	19	3,126	*2,218*
Contract Liabilities	8	82	0
Subvention payment payable	3	380	*321*
Loan and other borrowings	12	755	*622*
Employee benefit liabilities	14	800	*800*
Tax payable	3	229	*489*
Total Current Liabilities		5,374	*4,768*
Working Capital		**1,053**	***633***
NON-CURRENT ASSETS			
Property plant & equipment	9	13,772	*13,316*
Intangible Assets	10	0	*151*
Term Inventory	7	231	*229*
Total Non-Current Assets		14,002	13,696
NON-CURRENT LIABILITIES			
Loan and other borrowings	12	5,013	*4,852*
Employee benefit liabilities	14	92	*86*
Deferred tax liability	3	111	*147*
Total Non-Current Liabilities		5,216	5,085
Net Assets		9,839	9,243

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

WESTROADS LIMITED

STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 $000	2018 *$000*
Cash Flows from Operating Activities			
Cash was provided from:			
Receipts from customers and other sources		31,409	*26,162*
Interest received		0	*1*
Total Cash Inflows from Operating Activities		**31,409**	**26,163**
Cash was disbursed to:			
Payments to employees and suppliers		27,119	*22,593*
Income taxes paid		586	*101*
Subvention payments made		321	*390*
Purchase of term inventory		2	*1*
Interest paid		425	*316*
Total Cash Outflows from Operating Activities		**28,453**	**23,402**
Net Cash Inflow from Operating Activities	16	**2,956**	**2,762**
Cash Flows from Investing Activities			
Cash was provided from:			
Proceeds from sale of property, plant and equipment		374	*189*
Total Cash Inflows from Investing Activities		**374**	***189***
Cash was applied to:			
Purchase of property, plant and equipment		2,734	*4,016*
Total Cash Outflows from Investing Activities		**2,734**	***4,016***
Net Cash Outflow from Investing Activities		**(2,360)**	**(3,827)**
Cash Flows from Financing Activities			
Cash was provided from:			
Proceeds of Bank Advances		1,350	*1,566*
Total Cash Inflows from Financing Activities		**1,350**	***1,566***
Cash was applied to:			
Repayment of Loans		1,015	*328*
Payment of Finance Lease		40	*63*
Dividends paid		270	*80*
Total Cash Outflows from Financing Activities		**1,325**	**470**

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

Net Cash Inflow/(Outflow) from Financing Activities	**25**	**1,095**
Net Increase/(Decrease) in Cash Held	621	*30*
Add Opening Bank Balance at 1 July	(310)	(340)
Bank Balance at 30 June	**311**	**(310)**
Made up of:		
Cash	311	*9*
Bank Overdraft	0	(319)
	311	**(310)**

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

WESTROADS LIMITED
STATEMENT OF SERVICE PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2019

	ACTUAL 2019 $000	*BUDGET 2019 $000*
GROSS REVENUE	31,586	*25,287*
less Cost of Sales	24,119	*18,764*
GROSS PROFIT	7,467	*6,523*
plus Other Income	309	*96*
less Administrative Expenses	5,815	*5,103*
less Finance Costs	425	*315*
NET PROFIT BEFORE TAXATION	1,536	*1,201*
Taxation Expense	290	*254*
Subvention Payments	380	*295*
NET SURPLUS AFTER TAXATION	865	*652*
Other Comprehensive Income	0	*0*
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	865	*652*
EQUITY AT 1 JULY	9,243	*8,236*
DIVIDENDS	270	*220*
EARNINGS RETAINED	865	*652*
EQUITY AT 30 JUNE	9,838	*8,668*
RETURN ON AVERAGE SHAREHOLDERS FUNDS BEFORE TAX AND REVALUATIONS	16.10%	>10%
PERCENTAGE OF SHAREHOLDERS FUNDS TO TOTAL ASSETS	48%	*45-100%*
DISTRIBUTIONS AS A PERCENTAGE OF AFTER TAX PROFITS	75.2%	*40-70%*
COMPLIANCE WITH STATUTORY & REGULATORY OBLIGATIONS	Achieved	No Breaches

VARIANCE ANALYSIS:

Revenue was up on budget by $6.29M. Most of this increase can be attributed to the significant storm event in March around the Hokitika and the South Westland area that generated $4.5M in extra work.

The Net Profit Percentage remained consistent with budget target, finishing at 4.86% against a budget of 4.75%.

WESTROADS LIMITED

STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 JUNE 2019

REPORTING ENTITY
Westroads Limited is registered under the Companies Act 1993 and is domiciled in New Zealand. Westroads Limited is ultimately 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 and the Local Government Act 2002.

The Company is a Tier 2 for-profit entity and has elected to report in accordance with Tier 2 for-profit Accounting Standards. The Company is eligible to report in accordance with Tier 2 for-profit Accounting Standards on the basis that it does not have public accountability and is not a large entity. We note that 'large' is defined as total expenses over $30 million. While the Company has total expenses greater than $30 million in the current financial year, there is a one-year transitional period per XRB A1 (Application of the Accounting Standards Framework). Going forward, the Company will apply Tier 1 for-profit standards.

These financial statements comply with New Zealand equivalents to the International Financial Reporting Standards Reduced Disclosure Regime (NZ IFRS RDR).

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 27 September 2019

Measurement Base
The financial statements have been prepared on a historical cost basis except for land and buildings which are revalued every three years. The next revaluation is due in June 2021

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

Use of estimates and judgements
The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.
Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.
In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:
Note 9 – Depreciation and estimated useful lives of property, plant and equipment
Note 14 – Employee entitlements
Note 12 – Finance leases

CHANGES IN ACCOUNTING POLICIES

Changes in accounting policies

a) New standards, interpretations and amendments effective from 1 January 2018

New standards impacting the Company that have been adopted in the annual financial statements for the year ended 30 June 2019 and which have given rise to changes in the company's accounting policies are:

- IFRS 9 Financial Instruments (IFRS 9); and
- IFRS 15 Revenue from Contracts with Customers (IFRS 15)

Details of the impact these two standards have had are given below and in note 8. Other new and amended standards and Interpretations issued by the IASB that will apply for the first time in the next annual financial statements are not expected to impact the Company as they are either not relevant to the company's activities or require accounting which is consistent with the company's current accounting policies.

b) New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the company has decided not to adopt early. The most significant of these is:

- IFRS 16 Leases (mandatorily effective for periods beginning on or after 1 January 2019)
- IFRIC 23 Uncertainty over Income Tax Positions (effective 1 January 2019).

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

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

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

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

Subsequent costs

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

Depreciation
Depreciation is recognised in 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 are as follows:

	2019
buildings	4-50 years
plant and equipment	1-20 years
office furniture & equipment	2-75 years

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 to four 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

Disposals
Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit. When revalued assets are sold, the amounts included in revaluation reserves in respect of those assets are transferred to the accumulated surplus/(deficit) within equity.

INTANGIBLE ASSETS
Indefinite useful lives
Goodwill represents the excess of the purchase consideration over the fair value of the identifiable assets of the acquiree and is included in intangible assets. If the value of goodwill is lower than the net fair value, the difference will be recognised in the surplus or deficit.

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

Amortisation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. There is no remaining useful lives for the mining licences.

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 manufactured 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. In the case of development land inventory, cost includes any 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.

Contract Assets and Contract Liabilities
The nature of the adjustments resulting from the adoption of IFRS 15

Revenue from Contracts with Customers and IFRS 9 Financial Instruments are described below:

IFRS 15 Revenue from Contracts with Customers (IFRS 15) IFRS 15 has replaced IAS 18 Revenue (IAS 18) and IAS 11 Construction Contracts as well as various Interpretations previously issued by the IFRS Interpretations Committee. It has impacted the Company in the following ways:

a) A small number of contracts which work has been partially completed but are unable to be invoiced at 30 June 2019 that was previously labelled Work and Progress is now reclassified as Contract Assets and for the first time has had the profit recognised on these partially completed contract jobs.
The total impact of the recognised profit is $58K.

2019

Over Time	Work in Progress	Revenue to Come Profit	Retentions	Total
Maintenance Contracts	58	04		61
Construction Contracts	438	54	542	1,034
Other Contracts	29	00		29
Total Contracts Asset	**524**	**58**	**542**	**1,125**

b) A small number of contracts which work has been partially completed but are unable to be invoiced at 30 June 2019 that was previously labelled Work and Progress is now reclassified as Contract Assets, these contracts that also have some late costs that were previously classified as Costs to Come in Accounts Payable but are now called labelled as Contract liabilities.

2019

Over Time	Cost to come
Maintenance Contracts	13
Construction Contracts	69
Other Contracts	
Total Contract Liabilities	**82**

Reinstatement of 2018

Due to the introduction of NZ IFRS 15 Revenue from Contracts, the 2018 numbers have been adjusted to reclassify The following items to meet the new standard. There is no material impact from this change

	2018
Trade and other Receivables	(774)
Work and progress	(482)
Contract Assets	1,256
	0

IMPAIRMENT

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

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

Impairment of Receivables

The Company applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and aging. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts. The expected loss rates are based on the Group's historical credit losses experienced over the three-year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on economic factors affecting the Companies customers.
There is no impairment deemed necessary as the company are not expecting any credit losses.

Impairment of Contract assets and Contract liabilities

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

They arise from contracts enter that can span over the financial year and also reflect retention funds that are held by the client until such time as a certificate of completion has been signed off. It may take a up to 2 years to complete, because cumulative payments received from customers at each balance sheet date do not necessarily equal the amount of revenue recognised on the contracts.

There has been no Impairment of Contract Assets or Contract Liabilities

Impairment of Goodwill

The Company is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the determination of a discount rate in order to calculate the present value of the cash flows. During the year, with reference to all the competition in the Christchurch market the total carrying amount of Goodwill was impaired
This competitive market has had an adverse impact on the projected value in use of the operation concerned and consequently resulted in an impairment to goodwill of $151,000.

FINANCIAL INSTRUMENTS

The Company categorises its financial assets and its financial liabilities as being at amortised cost.

Financial Assets

The company's financial assets comprise: cash and cash equivalents, and trade and other receivables. These are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. Financial assets are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less impairment.

Financial liabilities

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

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

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

GOODS AND SERVICES TAX (GST)
All items in the financial statements are exclusive of goods and services tax (GST) with the exception of receivables and payables which are stated with GST included. Where GST is irrecoverable as an input tax then it is recognised as part of the related asset or expense.

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

Other long-term employee benefits
The Company's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted.
Termination benefits
Termination benefits are recognised as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognised if the Company has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

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

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

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

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

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

REVENUE
NZ IFRS 15 Revenue from Contracts with Customers introduced a new revenue recognition model that recognises revenue either at a point in time or over time. It is based on the principle that revenue is recognised when control of goods and services transfers to the customer and is based on the fulfilment of performance obligations.

The company has applied the modified approach on transitioning to NZ IFRS 15 and has applied the standard on initial application being 1 July 2018. No material impact on these financial statements has been recognised as a result of adopting this standard.

As the Company has the right to consider corresponding directly with the value of performance completed to date, customer contract revenue is recognised consistent with the amount that the Company has a right to invoice. The Company is therefore exercising the practical expedient not to explain transaction prices allocated to unsatisfied performance obligations at the end of the reporting period.

Note 8 sets out a numerical disaggregation of revenue in accordance with the disclosure requirements of the new standard.
The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five step analysis of transaction to determine whether, how much and when revenue is recognised.

Sale of Goods and Services – From 1 July 2018
To determine whether to recognise revenue, the Company follows a 5-step process:
1 – Identifying the contract with a customer
2 – Identifying the performance obligations
3 – Determining the transaction price
4 – Allocating the transaction price
5 – Recognising revenue when/as performance obligation(s) are satisfied
Revenue is recognised either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers.
If the company satisfies a performance obligation before it received the consideration, the company recognises a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.
<u>Sale of Goods</u>
Revenue from the sale of metal stock for the agreed price is recognised when the company transfers the control of the goods to the customers. The goods represent a single performance obligation over which the control is considered to transfer at a point in time.
<u>Sale of Goods – Before 1 July 2018</u>
Revenue from the sale of goods is recognised when the company has transferred to the buyer the significant risks and rewards of ownership and use of the goods. Risks and rewards are considered transferred to the buyer at the time of the delivery of the goods to the customer.

Revenue 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.

The stage of completion is assessed by reference to surveys of work performed. When the outcome of a 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 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 other comprehensive income or equity, in which case it is recognised in other comprehensive income or equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

CASH & CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term-highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown in current liabilities in the statement of financial position.

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:

NZIFRS 16: Leases (effective for the financial year ending 30 June 2020)

The Company has not assessed the impact of the new standards therefore, it is unknown at this stage whether the following standards and interpretations will have a material impact on the company's operations.

WESTROADS LIMITED
NOTE TO THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2019

1. Other Income

	2019 $000	2018 $000
Gain on sale of property, plant & equipment	240	90
Capital Gain Sale Plant	17	0
Supplier Rebates	31	75
Other	0	1
Recoveries	21	0
	309	165

2. Nature of Expenses

	2019 $000	2018 $000
The following items are included in the expenditure of the Company		
Audit fees to Audit NZ comprising audit of financial statements	54	51
Depreciation & amortisation	2,120	1,818
Loss on sale of property, plant & equipment	6	26
Directors' Fees	106	101
Donations	3	12
Rental and operating lease costs	134	110
Bad Debts Written off	4	21
Personnel Expenses		
Wages & Salaries	10,309	9,529
Contributions to defined contribution plans	373	354
Long service leave	7	7
Retiring gratuities	1	2
	10,690	9,892

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

3. Taxation

	2019 $000	2018 $000
Surplus/(deficit) before taxation	1,536	2,475
Prima facie taxation @ 28%	431	693
Asset Intercompany Elimination	4	5
Plus/(Less) taxation effect of permanent differences	(2)	3
(Less) Tax Effect of Subvention Payment to WHL	(25)	(14)
(Less) Tax Effect of Subvention Payment to WDC	(67)	(70)
Plus Tax Effect of Subvention Refund from WDC	0	0
(Less) Tax Effect of Subvention Payment to DWL	(14)	(6)
(Less) Tax Effect of Group Loss Offset from WHL	0	0
(Less) Tax Effect of Group Loss Offset from DWL	(36)	(15)
(Less) Tax Effect of Prior Year Subvention to DWL	0	0
Taxation Expense	290	596

The taxation charge is represented by:

	2019 $000	2018 $000
Current taxation	327	581
Reduction in Prior Year taxation	0	0
Deferred taxation	(37)	15
	290	596

Deferred taxation (liability)/asset

	2019 $000	2018 $000
Opening Balance	(147)	(58)
Movement Recognised in Profit or Loss	37	(15)
Movement Recognised in other Comprehensive Income	0	(73)
	(110)	(147)

Deferred tax assets and liabilities are attributable to the following:

	2019 $000	2018 $000
Tax Losses Carried Forward	0	0
Employee benefit plans (Asset)	12	13
Accruals (Asset)	218	217
Receivables Impairment (Asset)	0	0
Retentions (Liability)	(152)	(209)
Property, Plant & Equipment (Liability)	(188)	(168)
	(110)	(147)

4. Share Capital

At 30 June 2019 the Company has issued 1,385,326 (2018: 1,385,326) shares which are fully paid. The Par value of the shares is $1 per share. 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.

A $270,000 dividend was declared and paid during the year (2018: $80,000)

5. Operating Leases

At 30 June 2019, the Company has the following commitments that relate to leases.

	2019 $000	*2018* *$000*
Commitment within 12 months	136	*49*
Commitment between 12 months & 5 years	457	*125*
Commitment greater than 5 years	14	*34*

The company leases land & buildings at Haast from Destination Westland Ltd. The lease term is for 10 years commencing 1 January 2014. The annual lease amount is $16,884.

The company leases land at Hokitika from Destination Westland Ltd. The lease term is for 10 years commencing 1 July 2015. The annual lease amount is $3,500.

The company leases land at Hokitika from Destination Westland Limited. The lease term is for 10 years commencing 1 September 2010. The annual lease amount is $500 plus royalties.

The company leases land at Taramakau from Michael Mueller. The lease term is for 5 years commencing 1 April 2017. The annual lease is $12,000.

The company leases land & buildings in Christchurch from Baptist Union of NZ. The lease term is for 5 years commencing 1 September 2018. The annual lease amount is $100,000 for the first two years, increasing to $110,000, thereafter

The company has a license to extract Gravel from the Greymouth River for the commissioner of Crown Land. The license term is for 10 years commencing 1 November 2011. The annual lease is $1200.

The company has a licence to occupy the beach at Flower Street with Greymouth District Council. The license expires in 2023, the annual lease is $2100.

6. Receivables

	2019 $000	*2018* $000
Trade Debtors - non-related	2,605	2,499
Trade Debtors - related parties	1,240	929
Revenue to Come	23	64
Cost Fluctuation Adjustment Accruals	60	71
	3,927	3,563

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

	Gross Receivable 2019 $000	Impairment 2019 $000	Gross Receivable 2018 $000	Impairment 2018 $000
Not past due	3,337	0	3,018	0
Past due 0-30 days	292	0	241	0
Past due 31-120 days	161	0	93	0
Past due 121-360 days	27	0	64	0
Past due more than 1 year	27	0	12	0
	3,845	0	3,428	0

7. Inventory

	2019 $000	*2018* $000
Metal Stocks	833	312
Other Supplies	105	110
Land Racecourse Terrace for Sale	113	125
	1,051	548
Provision for Obsolescence		
	1,051	548

Term Inventory

Term Inventory comprises of land, which is held as tenants in common with Destination Westland Ltd for subdivision and for sale purposes is valued at $230,745 (2018: $228,887). The piece of Land located at Racecourse Terrace has been sold in September 2019 for $112,891 after commission. This was impaired by 12,175 in June 2019.

8. Revenue from Contracts with Customers

The Company recognises revenue from the following major sources: Revenue from contracts from the rendering of maintenance services (including day and emergency works), construction contracts revenue, other contract revenue. Revenue is also recognised in relation to the sale of goods being road metals and workshop services

Over Time	**2019**	**2018**
Maintenance Contracts	15,311	12,235
Construction Contracts	13,031	12,025
Other Contracts	1,967	1,673
Total Contracts Revenue	**30,309**	**25,933**
At a point in time		
Sales of Goods and Services Metal	1,277	1,584
Total Revenue	**31,586**	**27,516**

Maintenance

The Company performs maintenance services in the following areas :

- roading and footpaths
- amenity assets including water and wastewater
- parks, trees and cleaning

Contracts entered into can involve various different processes, activities and services. Where these processes and activities tend to be highly inter-related, these are taken to be one performance obligation, otherwise separate performance obligations are identified. The transaction price is allocated across each performance obligation based on contracted prices. Revenue from maintenance services is recognised in the income statement by measuring progress to satisfaction of the performance obligations using a combination of output and input methods that best depicts performance. The progress to satisfaction is assessed by reference to approval by the client using a combination of input and measure and value output. The Company invoices customers on a periodic basis for agreed general maintenance monthly and for day works and emergency works as work is completed. The Company would have previously recognised a Work in Progress for any work performed but not invoiced. Any amount previously recognised as a Work in Progress is reclassified to Contract Assets until an invoice is created and it becomes a Trade Receivable. If the invoiced amount exceeds the revenue recognised to date under the progress to satisfaction method, then the Company recognises a contract liability for the difference. Work In progress is reflected as a contract Asset from 1 July 2018.

Construction

The construction of each individual piece of infrastructure is generally taken to be one performance obligation. Where contracts are entered for several projects the total transaction price is allocated across each project based on the transaction price. The progress to satisfaction is assessed by reference to measure and value of work performed and agreed by the client before an invoice is submitted for payment. This is consistent across all construction contracts. The Company becomes entitled to invoice the customers on the monthly claim based on a measure and value calculation. The customer is sent a relevant claim or statement of work performed, the customer assesses the claim and issues a payment certificate at which time an invoice is raised. The Company would have previously recognised work in progress for any work performed that is to be invoiced at a future date. Any amount previously recognised as work in progress is reclassified as Contract Assets.

Other

Contracts that cannot be classified under Maintenance or Construction - such as smaller Plumbing contracts and operation of Landfill management assets

Sale of goods

For sale of road metals, gravels and workshop vehicles repairs, revenue is recognised when control of the goods has transferred, being when the goods are delivered to the customer and there is no unfilled obligation that could affect the customer's acceptance of the goods. A receivable is recognised at this point since this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Variable consideration

Westroads has not incurred any claim for liquidated damages during the financial year.
Where consideration in respect of a contract is variable, the expected value of revenue is only recognised to the amount management considers is recoverable. This is assessed on a periodic basis and is based on all available information, including historic performance. When modifications in design or contract requirements are entered into, the transaction price is updated to reflect these. Where the price of the modification has not been confirmed, an estimate is made of the amount of revenue to recognise.

Warranties and defect periods

Construction and service contracts can include defect and warranty periods which vary from contract to contract, following completion of the project. These obligations are not deemed to be separate performance obligations and therefore are estimated and included in the total costs of the contracts. Where required, amounts are recognised in provisions.

Interest income

Interest income is recognised in the income statement as it accrues, using the effective interest method.

Contract Assets and Liabilities

	2019	**2018**
Maintenance contracts	61	352
Construction contracts	1,034	865
Other contracts	29	37
Total current contract asset	**1,125**	**1,256**

	2019	**2018**
Maintenance contracts	13	0
Construction contracts	69	0
Other	0	0
Total contract liabilities	**82**	**0**

Maintenance

Payment for maintenance services is due monthly as is payment for day works and emergency works. A contract asset is recognised over the period the services are provided to represent the entity's right to consideration for the services transferred to date.

Construction

Construction contract assets represent 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. Costs included all expenditure related directly to the specific projects.

Other

Contracts that cannot be classified under Maintenance or Construction - such as smaller Plumbing contracts and operation of Landfill management assets Payment is due, payment is due monthly.

9. Property, plant and equipment

	Land & Buildings $000	Plant & Equipment $000	Office Furniture & Equipment $000	Total $000
Cost or deemed cost				
Balance at 1 July 2017	2,186	18,854	505	21,545
Additions	16	3,906	45	3,967
Net Revaluation Gain/(Loss)	107	0	0	107
Transfer to Plant & Equipment	(30)	30	0	0
Disposals	0	(391)	0	(391)
Balance at 30 June 2018	2,279	22,399	550	25,228
Balance at 1 July 2018	2,279	22,399	550	25,228
Additions	539	2,139	26	2,704
Disposals	0	(1,088)	0	(1,088)
Balance at 30 June 2019	2,818	23,450	576	26,844
Depreciation and impairment losses				
Balance at 1 July 2017	133	9,835	386	10,354
Depreciation for the year	43	1,727	48	1,818
Disposals	0	(260)	0	(260)
Balance at 30 June 2018	176	11,302	434	11,912
Balance at 1 July 2018	176	11,302	434	11,912
Depreciation for the year	53	2,010	57	2,120
Disposals	0	(960)	0	(960)
Balance at 30 June 2019	229	12,352	491	13,072
Carrying Amounts				
At 30 June 2018	2,103	11,097	116	13,316
At 30 June 2019	2,589	11,098	85	13,772

Security
At 30 June 2019 properties with a carrying value of $2,583,000 (2018: $2,098,000) are subject to a registered mortgage to secure bank loans.
At 30 June 2019 no plant and equipment was subject to a registered chattel security (2018: $0). All plant & equipment is subject to a general registered debenture.

Revaluation
On 24th Oct 2017 the Company's land and buildings were independently valued by registered valuers, Preston Rowe Paterson (PPR West Coast Ltd)

Finance Lease

The net carrying cost of plant held under finance lease is $145K ($185K in 2018)

Note 12 Provides further information about finance leases

10. Intangible Assets

The Company's only intangible assets at balance date is goodwill. No allowance has been made for amortisation.

The amortisation and any impairment losses were allocated to cost of sales in the statement of financial performance.

	Goodwill $000	Total $000
Cost or deemed cost		
Balance at 1 July 2017	151	151
Additions		
Disposals		
Balance at 30 June 2018	151	151
Balance at 1 July 2018	151	151
Acquisition - external purchase		
Disposals		
Balance at 30 June 2019	151	151
Amortisation and impairment losses		
Balance at 1 July 2017		
Amortisation for the year		
Impairment Loss		
Disposals		
Balance at 30 June 2018		
Balance at 1 July 2018		
Amortisation for the year		
Impairment Loss	(151)	(151)
Disposals		
Balance at 30 June 2019	**(151)**	**(151)**
Carrying Amounts		
At 30 June 2019	0	0
At 30 June 2018	151	151

11. Contingent Liabilities and Contingent Assets

At 30 June 2019, the Company had the following contingent liabilities:

	2019 $000	2018 *$000*
Guarantees:		
(a) Performance Bonds in favour of Westland District Council	546	436
(b) Performance Bonds in favour of Grey District Council.	535	400
(c) Mining Bonds	7	7
(d) Performance Bonds in favour of NZTA	63	63
(e) Performance Bond in favour of Christchurch City Council	170	0
(f) Performance Bonds in favour of Fulton Hogan Ltd	538	284
(g) Performance Bond in favour of Director General of Conservation	165	165
	2,024	*1,356*

There are no contingent assets.

12. Amortised Costs (Loan & Borrowings)

	2019	2018
	$000	***$000***
Bank Overdraft (secured)	0	319
Finance Lease	145	185
Bank Term Loan	5,623	5,288
	5,769	5,793
The bank term loan and finance lease are split as follows:-		
Current Bank	714	582
Current Finance Lease	41	39
Non-current Bank	4,909	4,706
Non-current Finance Lease	104	146
	5,769	5,473

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

	2019	**2018**	**Interest Repricing due**	**Maturing**
CARL Loan - TD - Interest Rate 5.21%	1,580	1,762	1 Year	2021
Fixed Term Asset Loan ($1,900k) - Interest rate 5.55%	1,436	1,599	3 Years	2021
Money Management Loan ($2,500k) - Interest rate 5.35%	722	1,277	Variable	2021
Grey Assets Loan ($650k) - Interest Rate 5.22%	602	650	Variable	2023
Grey Assets Loan ($350k) - Interest Rate 5.22%	328	-	Variable	2023
Hoki CF Loan ($1,000k) - Interest rate 5.49%	955	-	Variable	2023

(Carrying value is not materially different to Face value)
In managing interest rate risks the Company aims to reduce the impact of short-term fluctuations on the Company's earnings. Over the longer-term, however, permanent changes in interest rates will have an impact on profit. At 30 June 2019, it is estimated that a 1% increase in interest rates would reduce the Company's 2019 profit before tax by $26,073 (estimated decrease in 2018: $19,267.) The company has no formal interest rate hedging policy.

Finance leases
A finance lease transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred. At the start of the lease term, finance leases are recognised as assets and liabilities in the statement of financial position at the lower of the fair value of the leased asset or the present value of the minimum lease payments.

The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no reasonable certainty whether the Company will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Critical judgements in applying accounting policies

Determining lease classification

Determining whether a lease is a finance lease, or an operating lease requires judgement as to whether the lease transfers substantially all the risks and rewards of ownership to the Company.

Judgement is required on various aspects that include, but are not limited to, the fair value of the leased asset, the economic life of the leased asset, whether or not to include renewal options in the lease term and determining an appropriate discount rate to calculate the present value of the minimum lease payments. Classification as a finance lease means the asset is recognised in the statement of financial position as property, plant, and equipment, whereas for an operating lease no such asset is recognised.

Security and finance lease

Finance lease liabilities are effectively secured, as the rights to the leased asset revert to the lessor in the event of default.

Fair value and finance lease

The fair value of finance leases is $183K (2018 $237K). Fair value has been determined using contractual cash flows discounted using a rate based on market borrowing rates at balance date of 4.30% (2018 4.75%).

13. Capital Commitments

At 30 June 2019, the Company had no capital commitments (2018: $759,494)

14. Employee Entitlements

The Company has the following current employee entitlements

	2019	**2018**
	$000	***$000***
Annual Leave	662	662
Time in Lieu/Stat Leave	17	15
Long Service Leave	29	35
Sick Leave	33	30
Retirement Gratuities	59	57
	800	800

The Company has the following non-current employee entitlements

	2019	**2018**
	$000	**$000**
Retirement Gratuities	19	19
Long Service Leave	73	67
	92	86

15. Transactions with Related Parties

During the year the Company 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
	1 July 2018 to 30 June 2019			
WDC	Westland District Council	Payment - Rentals & Rates	264	2
WDC	Westland District Council	Westroads Sales	11,633	1,156
WDC	Westland District Council	Subvention Payment	240	240
WDC	Westland Holdings Ltd	Subvention Payment	90	90
WDC	Westland Holdings Ltd	Dividend	270	0
WDC	Destination Westland	Payment - Rentals	42	29
WDC	Destination Westland	Sale - Plant Hire & Materials	35	13
WDC	Destination Westland	Subvention Payment	50	50
WDC	Destination Westland	Group Tax Loss offset	130	130
P M Cuff	Cuffs Ltd	Purchase - accounting services	3	0
P M Cuff	The Beachfront Hotel	Purchase - entertainment	6	0
D M J Havill	Aratuna Freighters Ltd	Purchase - fuel and freight	842	84
D M J Havill	Aratuna Freighters Ltd	Sale - plant hire and material sales	19	0
R Pickworth	Westpower Limited	Payment - Rental RT	6	0
R Pickworth	Electronet Services	Payment - IT Services	49	1
C Rea	Hokitika Automotive Ltd	Payment - Plant materials & service	3	1
	1 July 2017 to 30 June 2018			
WDC	Westland District Council	Payment - Rentals & Rates	51	2
WDC	Westland District Council	Westroads Sales	10,802	916
WDC	Westland District Council	Subvention Payment	250	250
WDC	Westland Holdings Ltd	Subvention Payment	50	50
WDC	Westland Holdings Ltd	Dividend	80	-
WDC	Westland District Properties Ltd*	Payment - Rentals	20	2
WDC	Westland District Properties Ltd*	Sale - Plant Hire & Materials	26	7
WDC	Westland District Properties Ltd*	Subvention Payment	21	21
WDC	Westland District Properties Ltd*	Group Tax Loss offset	54	54
P M Cuff	Cuffs Ltd	Purchase - accounting services	7	2
P M Cuff	Beachfront Hotel Ltd	Purchase - entertainment	2	0
D M J Havill	Aratuna Freighters Ltd	Purchase - fuel and freight	848	92
D M J Havill	Aratuna Freighters Ltd	Sale - plant hire and material sales	4	1
WDC	Hokitika Airport Ltd*	Payment - royalties	17	17
WDC	Hokitika Airport Ltd*	Sale - plant hire & material purchase	8	5

All amounts billed are based on normal market rates and payable or receivable under normal payment terms and no related party debts have been written off or forgiven during the year.

Key management personnel disclosure

Key management personnel comprise the Directors and the General Manager, the Financial Controller and the Greymouth and Christchurch Branch Managers

	2019	2018
Key management personnel compensation comprised	$000	$000
Short-term employee benefits	814	782
Termination benefits	-	-
	814	782

There are no loans to or from key management personnel.

16. Reconciliation of Net Surplus after Taxation with Cash Inflow from Operating Activities

	2019 $000	2018 *$000*
Net surplus after taxation	865	1,558
Add/(less) non cash items:		
Depreciation and amortisation	2,120	1,818
Impairment Goodwill	151	0
Increase/(decrease) in provision for doubtful debts	0	0
Increase/(decrease) in deferred tax	(37)	15
Increase/(decrease) in Employee Entitlements (non current)	6	(7)
Total Non-Cash Items	2,241	1,826
Add/(less) items classified as investment & financing activities:		
Net loss (gain) on sale of fixed assets	(245)	(63)
Capital account payable	30	59
Total Investing & Financing Activity Items	(215)	(4)
Add/(less) movements in working capital items:		
(Decrease)/increase in accounts payable and accruals	909	252
Increase/(decrease) in employee entitlements	1	68
Increase/(decrease) in provision for taxation	(260)	475
Decrease (Increase) in Contract Assets	131	0
Increase/(decrease) in Contract Liabilities	82	0
Increase/(decrease) in Subvention payment payable	59	(69)
Decrease (Increase) in receivables and prepayments	(355)	(1,099)
(Increase)/decrease in inventory	(503)	35
(Increase)/decrease in term inventory	(2)	(1)
(Increase)/decrease in work in progress	4	(279)
Working Capital Movement - Net	**65**	(618)
Net Cash Inflows from Operating Activities	**2,956**	**2,762**

17. Events Subsequent to Balance Date

There are no events subsequent to balance date

18. Financial Instruments

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

	2019	2018
Financial Assets at amortised costs	**$000**	**$000**
Cash and cash equivalents	311	9
Bank overdrafts	0	(319)
Trade accounts receivable	3,927	4,337
Financial Liabilities at amortised cost		
Trade and other payables	2,620	2,218
Borrowings	5,623	5,288
Finance Lease	145	185

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 material and are all anticipated to occur within twelve months of the balance date, except for borrowings, which are analysed in note 12.

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

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

Interest Rate Risk

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

Fair value interest rate risk

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

Currency Risk

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

The Company has no exposure to currency risk.

Credit Risk

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

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

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

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

Liquidity Risk

Liquidity risk is the risk that Westroads will encounter difficulty raising funds to meet commitments as and when they fall due. Prudent Liquidity risk management implies maintaining sufficient cash and availability of funding through an adequate amount of committed credit facilities to close out market positions.
Westroads mostly manages Liquidity risk by continuously monitoring forecasts and actual cashflow requirements and maintaining an overdraft facility

	Carrying amount	**Contractual cashflow**	**less than 6 months**	**6-12 months**	**More than 1 year**
	$000	$000	$000	$000	$000
Payables (excluding income in advance, taxes payable and subventions)	2,620	2,620	2,620	0	0
Finance Leases	145	202	23	23	156
Secured Loans	5,623	6,302	519	510	5,273
	8,388	**9,124**	**3,162**	**533**	**5,428**

Fair Values

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

Capital Management

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

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

The Company has a policy of shareholder's funds being in the ratio of 45-100% of total assets.

The company maintains a level of earnings before interest and tax to cover interest costs 2 times.

	2019	**2018**
Earnings Before Interest and Tax	1,961	2,790
Finance Expense	425	316
Ratio	**4.88 : 1**	**8.82 : 1**

19. Trade and other Payables

	2019 **$000**	***2018*** **$000**
Trade Payables	1,803	1,233
Trade Payables - Related Parties	117	169
GST Payable	506	221
Accruals and other liabilities	700	595
	3,126	2,217

20. Cash and Cash Equivalent

	2019 **$000**	***2018*** **$000**
Cash in Bank	310	*8*
Cash on Hand	1	*1*
	311	*9*

21. Social Reporting

Lost Time Injury

	2018/19	2017/18	Target
Full Days Lost due to workplace accidents/incidents	234	45	0
Lost Time Injury Days as % of all days worked	0.4%	-	0%
Incidents notifiable to Worksafe NZ	0	0	0

Westroads Ltd continued to Promote Zero Harm by ensuring the following:-

* Employees are trained, supervised and monitored.
* Employees are encouraged to report all incidents, accidents and near misses
* Employees are encouraged to complete improvement forms to improve safety.
* Employees must complete a daily personal risk assessment (Take5) to identify hazards and minimise the risk on all worksites.
* Site Audits are regularly completed.
* Safety Briefs are conducted with the team every 2nd month.
* Team Annual Medical checks.
* Continuously monitoring and updating Health and Safety Systems.

Training Expenditure

	2018/19 $000	2017/18 $000	Target
Training Expenditure	220	282	
Training as % of Revenue	0.7%	1.0%	8%

Staff Turnover

Staff turnover was at 28% (2018: 29%). 41 staff left their employment and cited the following reasons:

Of the 41 staff who left:-		
Retirement	3	7%
Relocation	4	10%
Fixed Term/Casual Contracts	10	24%
Performance/Terminated	0	0%
More money/ job satisfaction	14	34%
Utilities Contract loss	4	10%
Redundancy/Severance	1	2%
Other	5	12%
	41	100%

Of the 7 staff employed for the Utilities Contract with Grey District Council, 4 chose to find new employment (only one with the new holder of the contract), two were employed within the branch in different departments and one transferred to the Hokitika branch.
One employee was made redundant following Grey District's decision to remove the public toilet cleaning from the renewed Reserves Contract.

Overall, there was an increase of 4% in the number of jobs as 6 new positions were created (2018: 16% with 21 new jobs). As at 30 June 2019, Westroads had 154 staff employed, or 143 full time equivalent.

Staff Breakdown

The average age of staff is 49 years of age (2018: 48).

	Number	%
55 Years or older (10 years until retirement)	60	39%
60 Years or older (5 years until retirement)	37	24%
65 Years or older (2 have retired since balance date)	14	9%