



Westland HOLDINGS



WESTLAND HOLDINGS LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2017

Independent Auditor's Report

To the readers of Westland Holdings Limited group's financial statements and performance information for the year ended 30 June 2017

The Auditor-General is the auditor of Westland Holdings Limited Group (the 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 the performance information of the Group, on his behalf.

Opinion

We have audited:

- the financial statements of the Group on pages 8 to 11 and 13 to 30, that comprise the statement of financial position¹ as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the Group on page 12.

In our opinion:

- the financial statements of the Group on pages 8 to 11 and 13 to 30:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2017; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with New Zealand equivalent to International Financial Reporting Standards Reduced Disclosure Regime; and
- the performance information of the Group on page 12 presents fairly, in all material respects, the Group's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Group's objectives for the year ended 30 June 2017.

Our audit was completed on 2 October 2017. 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, and we explain our independence.

¹ Ensure that the names of the individual statements that are in the financial statements and the performance information are used in the audit report.

Basis for 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 Group 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 Group.

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 Group for assessing the Group'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 Group 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 Group'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 Group'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 Group'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 Group 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 obtain sufficient appropriate audit evidence regarding the financial statements and the performance information of the entities or business activities within the Group to express an opinion on the consolidated financial statements and the consolidated performance information. We are responsible solely for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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 in our audit.

Our responsibilities arise from the Public Audit Act 2001.

Independence

We are independent of the Group 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 New Zealand Auditing and Assurance Standards Board.

Other than the audit of the Group and its subsidiaries, we have no relationship with, or interests in, the Group.



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

DIRECTORY

Directors:

Chairman: Graeme P King

Director: David L Carruthers

Director: Desmond Routhan

Registered Office:

Westland District Council

36 Weld Street, Hokitika

Phone 03 756 9010

Fax 03 756 9045

Auditor:

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

Bankers:

Westpac Bank, Revell Street, Hokitika

Solicitors:

Elcock & Johnston, PO Box 85, Hokitika

DIRECTORS REPORT

The Directors present the Annual Report of Westland Holdings Limited for the year ended 30 June 2017. Westland Holdings Limited 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 Limited
- Hokitika Airport Limited &
- Westland District Property Limited

Review of Operations

Results for the Year Ended 30 June 2017	\$000
Net Surplus before Taxation	1001
Subvention Payment	240
Income Taxation	219
<hr/> Net Surplus after Taxation	<hr/> 542
Other comprehensive Income	-
<hr/> Total Other Comprehensive Income	<hr/> 542

Movements in Equity	
Equity (opening balance)	12,391
Distributions to Owners	-
Surplus after Taxation	542
Total Other Comprehensive Income	-
<hr/> Equity (closing balance)	<hr/> 12,933

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.

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	10,000
G J Wall	3,833
S R Bastion	3,333
A K McNabb	3,333
Q C S Hix	5,750
D Carruthers	4,000
D Routhan	4,000
<hr/> Total Remuneration	<hr/> 34,249

Remuneration and other benefits paid or due to directors on behalf of the Group, for services as a director during the year totalled \$175,000. Details of the fees paid to directors are contained in the individual subsidiary accounts.

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

DIRECTORS REPORT

Director Appointment & Retirement

Appointments:

D L Carruthers & D Routhan were both appointed as directors of Westland Holdings Limited on 15 December 2016 and 24 November 2016 respectively

I W Hustwick, P M Cox & R E C Benton were all appointed as directors of Westland District Property Ltd & Hokitika Airport on 31 December 2016. L J Martin was appointed as a director of Westland District Property Limited & Hokitika Airport on 12 March 2017.

Retirements:

S R Bastion, Q C S Hix, A K McNabb & G J Wall all retired as directors of Westland Holdings Limited on 30 November 2016

G D Purches & L R Singer retired as directors of Westland District Property Limited on 31 December 2016.

L J Robinson & M Fekkes retired as directors of Hokitika Airport Limited on 31 December 2016. L R Singer retired as a director of Hokitika Airport Limited on 28 February 2017.

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

Remuneration of Employees

Within the group there were eight employees whose remuneration and benefits package was over \$100,000. The total remuneration of these eight employees totalled \$1,185,199 broken into the following bands: -

Salary Range		Employees
100,000	110,000	3
110,000	120,000	2
120,000	130,000	1
130,000	140,000	1
150,000	160,000	1
220,000	230,000	1

There were no other employees or former employees within the group that earned more than \$100,000 during the year.

Indemnity and Insurance

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

Donations:

The total amount of donations made by the group during the year is \$3,363.

DIRECTORS REPORT

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' Declaration

In the opinion of the directors of Westland Holdings Limited & 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 2017 and the results of their operations and cash flows for the year ended on that date
- have been prepared using appropriate accounting policies, which have been consistently applied and supported by reasonable judgements and estimates.

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

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

For and behalf of the Board



G P King
Chairperson
Date: 29 September 2017



D Routhan
Director
Date: 29 September 2017

WESTLAND HOLDINGS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017



	Note	Group 2017 \$000	Group 2016 \$000
Revenue		20,536	22,447
Cost of Sales	2	13,825	16,996
Gross Profit		6,711	5,451
Other Income	1	1,024	811
Administrative Expenses	2	6,361	5,442
Results from operations		1,374	820
Interest Received		-	7
Interest Paid		373	370
Net finance costs		373	363
Profit before Income Tax		1,001	457
Subvention Payment		240	320
Income tax expense	3	219	63
Profit for the period		542	74
Other Comprehensive Income		-	-
Total Comprehensive Income for the Year		542	74

WESTLAND HOLDINGS LIMITED
STATEMENT OF MOVEMENT IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017



Group	Note	Share Capital \$000	Asset Revaluation Reserve \$000	Retained Earnings \$000	Total \$000
Balance 1 July 2016		8,695	831	2,865	12,391
Profit/(Loss) for the period		-	-	542	542
Other Comprehensive Income		-	-	-	-
Dividends to equity holders	4	-	-	-	-
Balance 30 June 2017		8,695	831	3,407	12,933
Balance 1 July 2015		8,695	831	2,961	12,487
Profit/(Loss) for the period		-	-	74	74
Other Comprehensive Income		-	-	-	-
Dividends to equity holders	4	-	-	(170)	(170)
Balance 30 June 2016		8,695	831	2,865	12,391

WESTLAND HOLDINGS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017



	Note	Group 2017 \$000	Group 2016 \$000
EQUITY			
Share capital	4	8,695	8,695
Retained earnings		3,407	2,865
Asset Revaluations Reserves		831	831
		12,933	12,391
represented by:			
CURRENT ASSETS			
Bank Accounts & Cash		332	494
Tax Refundable		-	86
Debtors and other Receivables	5	3,345	2,981
Inventories	7	582	666
Prepayments		62	5
Work in Progress		217	167
Total Current Assets		4,538	4,399
CURRENT LIABILITIES			
Creditors and Other Payables		2,385	1,753
Deferred Income	11	43	34
Subvention payment payable		240	320
Bank Overdraft (secured)	10	379	-
Employee Entitlements	15	775	835
Current Portion of Term Loan	10	819	817
Tax Payable		16	-
Total Current Liabilities		4,657	3,759
Working Capital		(119)	640
NON-CURRENT ASSETS			
Property Plant & Equipment	6	15,872	15,976
Investment Property	9	968	953
Term Inventory	7	350	347
Intangible Assets	8	575	575
Total Non Current Assets		17,765	17,851
NON-CURRENT LIABILITIES			
Employee Entitlements	15	93	169
Bank Term loans	10	4,356	5,732
Deferred Tax Liability	3	264	199
Total Non Current Liabilities		4,713	6,100
Net Assets		12,933	12,391

WESTLAND HOLDINGS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017



	Note	Group 2017 \$000	Group 2016 \$000
Cash Flows from Operating Activities			
Receipts from customers and other sources		20,931	23,458
Sale of Development Land		-	375
Interest received		-	7
Income tax refunded		1	2
Payments to suppliers and employees		(18,002)	(20,828)
Taxes paid		(53)	(179)
Subvention payments made		(320)	(137)
Term Inventory costs		(3)	(1)
Net GST Movement		27	53
Interest paid		(373)	(417)
Net Cash flow from Operating Activities	19	2,208	2,333
Cash Flows from Investing Activities			
Proceeds from sale of property, plant and equipment		471	284
Purchase of property, plant and equipment		(1,846)	(3,151)
Net Cash flow from Investing Activities		(1,375)	(2,867)
Cash Flows from Financing Activities			
Proceeds of Loans & Bank Advances		100	2,447
Loan Repayments		(1,474)	(939)
Dividends Paid		-	(170)
Net Cash flow from Financing Activities		(1,374)	1,338
Net Increase/(Decrease) in Cash Held		(541)	804
Add Opening Bank Balance at 1 July		494	(310)
Closing bank accounts and cash 30 June		(47)	494
<i>Made up of:</i>			
Cash		332	494
Bank Overdraft		(379)	-
		(47)	494

WESTLAND HOLDINGS LIMITED
STATEMENT OF SERVICE PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2017



Performance Target	Outcome
1 Draft Statement of Intent submitted to WDC for approval by 1 March each year	Not Achieved: No draft submitted
2 Completed Statement of Intent to be submitted to WDC by 30 June each year	Achieved: Final submitted 28 June 2017 to WDC
3 At least two progress reports to be made to WDC in the financial year (in addition to reporting on specific issues), with at least one presentation to be made to Councillors. Reports will include financial and non-financial performance	Not Achieved: Due to review of CCO's structure taking place and extensive change of Board in 2016/17
4 Major matters of urgency are reported to the appropriate Council committee or the CE of the WDC within 3 days	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 this year: Evaluation in progress at 30 June 2016 but not completed due to significant changes in the Board. To be completed by 30 June 2018
6 To review the training needs of individual directors, and ensure training is provided where required.	Not Achieved: Due to extensive change of Board in 2016/17
7 The process for each appointment to a subsidiary board is transparent and fully documented and reported to WDC.	Not Achieved: Appointments to subsidiaries made directly held with WDC
8 WHL negotiates with WDC to pay an achievable distribution for the 2016/17 financial year prior to finalising WDC's budget	No negotiation. The distribution figure was finalised during the approval of the SOI
9 To meet budgeted level of distribution income of \$500K for the 2016/17 year	Not Achieved. Subvention payments of \$240K to WDC
10 That the adopted directors policy be followed for any director appointments	WDC appointed directors to subsidiaries
11 Draft Statements of Intent to be received from subsidiary companies by 14 February	Achieved: HAL & WDPL received 2 February; Westroads 30 January
12 WHL to respond to draft Statements of Intent by 30 April	Achieved: WDPL & HAL responded to by WHL 26 April. WDC responded to Westroads directly 7 February
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	Not changed year ended 30 June 2017
14 WHL to assess the alignment of Statements of Intent with any specifically notified WDC strategic directive	No directive notified.
15 Subsidiary company Statements of Intent to incorporate specific reporting requirements in accordance with legislation & accepted practice	Achieved
16 All activity reports and formal reporting will be done through Chairman of WHL and the CE of WDC.	Not Achieved: Some reporting direct to WDC
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 - 57.99%

WHL - Westland Holdings Limited
 HAL - Hokitika Airport Limited

WDPL - Westland District Property Limited
 WDC - Westland District Council

WESTLAND HOLDINGS LIMITED

STATEMENT OF ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2017



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, and the Local Government Act 2002.

The Group consists of Westland Holdings Limited, Hokitika Airport Limited, Westland District Property Limited, Westroads Limited. All group companies are incorporated in New Zealand.

BASIS OF PREPARATION

Statement of Compliance

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

The financial statements were approved by the board of directors on 29 September 2017.

Measurement Base

The financial statements have been prepared on a historical cost basis, except for the revaluation of investment properties and Westroads Land & Buildings which are revalued every three to four years, with the next revaluation due June 2017.

Functional and presentation currency

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

Use of estimates and judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described below:

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

Note 7 - Inventory valuation and provision for obsolescence

Note 9 – Investment Property

Note 15 - Employee Entitlements

CHANGES IN ACCOUNTING POLICIES

There has been no changes in accounting policies during the year ended 30 June 2017.

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 Westroads Limited land and buildings, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Westroads Limited 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 Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

Depreciation

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

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

	2017	2016
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	2-50 years	2 – 50 years

*includes motor vehicles

Revaluation

Westroads Limited's land and buildings are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three 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.

INVESTMENT PROPERTIES

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

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

INTANGIBLE ASSETS

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

INVENTORIES

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

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

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

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

CONSTRUCTION WORK IN PROGRESS

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

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

IMPAIRMENT

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

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

Impairment of receivables

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

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

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

Non-financial assets

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

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

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

FINANCIAL INSTRUMENTS

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

Cash and cash equivalents

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

Loans and receivables

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

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

Financial Liabilities

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

Trade and other receivables

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

Interest-bearing borrowings

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

Trade and other payables

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

GOODS AND SERVICES TAX (GST)

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

EMPLOYEE BENEFITS

Defined contribution plans

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

Other long-term employee benefits

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

Termination benefits

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

Short-term benefits

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

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

LEASED ASSETS

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to

the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

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

PROVISIONS

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

REVENUE

Goods sold

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

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

Services

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

Construction contracts

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

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

LEASE PAYMENTS

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

INCOME TAX EXPENSE

Income tax expense includes components relating to both current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, and any adjustments to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax is measured at tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that affects neither accounting profit nor taxable profit.

Current and deferred tax is recognised against the profit or loss for the period, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

CONSOLIDATION

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

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

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

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

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

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

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

NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

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

NZ IFRS 9: Financial Instruments – Classification and Measurement (effective for the financial year ending 30 June 2019).

NZ IFRS 15: Revenue from Contracts and Customers – Establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers (effective for the financial year ending 30 June 2019)

NZ IFRS 16: Leases (effective for the financial year ending 30 June 2020).

WESTLAND HOLDINGS LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2017



1. Other Income

	Group 2017 \$000	Group 2016 \$000
Gain on sale of property, plant & equipment	223	30
Lease receipts	718	706
Recoveries	68	75
Gain in fair value of investment property	15	-
	1,024	811

2. Nature of Expenses

	Group 2017 \$000	Group 2016 \$000
<i>The following items are included in the expenditure of the Group</i>		
Audit fees to Audit NZ comprising audit of financial statements	90	84
Depreciation & amortisation	1,783	1,734
Loss on sale of property, plant & equipment	41	99
Loss in Fair Value of Investment Property	-	95
Directors' Fees	209	166
Donations	4	1
Rental and operating lease costs	359	344
Change in Provision for Doubtful Debts	(15)	-
Bad Debts Written off	14	1
Personnel Expenses		
Wages & Salaries	8,249	9,026
Contributions to defined contribution plans	285	293
Long service leave	(7)	9
Retiring gratuities	(1)	10
	8,526	9,338

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

3. Taxation

	Group 2017 \$000	Group 2016 \$000
Surplus/(deficit) before taxation	1,001	457
Prima facie taxation @ 28%	280	127
Plus (less) taxation effect of permanent differences	6	26
Asset Intercompany Elimination	5	
(Less) Tax Effect of Subvention Payment to WDC	(72)	(90)
Taxation Expense	219	63

Income tax expense is represented by

Current taxation	154	60
Prior year tax	-	-
Deferred taxation	65	3
	219	63

WESTLAND HOLDINGS LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2017



	Group 2017 \$000	Group 2016 \$000
Deferred taxation asset (liability)		
Opening Balance	(199)	(196)
Movement Recognised in surplus or deficit	(65)	(3)
Movement Recognised in Other Comprehensive Income	-	-
Balance as at 30 June	(264)	(199)

Deferred tax assets and liabilities are attributable to the following:

Employee benefit plans (Asset)	13	29
Accruals (Asset)	307	343
Inventory Impairment (Asset)	-	-
Receivables Impairment (Asset)	(1)	2
Property, Plant & Equipment (Liability)	(424)	(438)
Retentions (Liability)	(164)	(161)
Tax Losses Carried Forward (Asset)	5	26
	(264)	(199)

The deferred tax assets & liabilities arise due to temporary timing differences in the deductibility of expenditure.
All movements in deferred tax assets & liabilities are recognised in the statement of comprehensive income.

4. Share Capital

At 30 June 2017 the Company has issued 8,424,792 (2016: 8,424,792) shares which are fully paid. All shares carry equal voting rights and the right to share in any surplus on winding up of the company. None of the shares carry fixed dividend rights.

5. Trade & other receivables

	Group 2017 \$000	Group 2016 \$000
Trade Debtors - non related	1,930	1,554
Trade Debtors - related parties	752	636
GST Receivable	2	6
Provision for Doubtful Debts	(1)	(16)
Revenue to Come	29	91
Contract Retentions	586	661
Cost Fluctuation Adjustment Accruals	47	49
	3,345	2,981

Trade debtors breakdown per age of debt

	Gross Receivable 2017	Impairment 2017	Gross Receivable 2016	Impairment 2016
Not past due	2,114	-	1,810	1
Past due 0-30 days	392	-	179	-
Past due 31-120 days	49	-	27	1
Past due 121-360 days	103	-	142	5
Past due more than 1 year	25	1	32	9
	2,683	1	2,190	16

WESTLAND HOLDINGS LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2017



6. Property, plant and equipment

Group	Land & Buildings	Plant & Equipment	Office Furniture & Equipment	Airport Runway Infrastructure	Under Construction	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Cost or deemed cost						
Balance at 1 July 2015	4,881	16,468	363	2,400	25	24,137
Additions	475	2,539	47	33	12	3,106
Transfer to Investment Property	(190)	-	-	-	-	(190)
Disposals	(9)	(493)	-	-	-	(502)
Balance at 30 June 2016	5,157	18,514	410	2,433	37	26,551
Balance at 1 July 2016	5,157	18,514	410	2,433	37	26,551
Additions	142	1,736	95	-	-	1,973
Transfer to Land & Buildings	12	-	-	-	(12)	-
Disposals	-	(1,073)	-	-	-	(1,073)
Balance at 30 June 2017	5,311	19,177	505	2,433	25	27,451
Depreciation and impairment losses						
Balance at 1 July 2015	451	7,842	316	380	-	8,989
Depreciation for the year	109	1,550	28	47	-	1,734
Disposals	-	(148)	-	-	-	(148)
Balance at 30 June 2016	560	9,244	344	427	-	10,575
Balance at 1 July 2016	560	9,244	344	427	-	10,575
Depreciation for the year	121	1,576	42	44	-	1,783
Disposals	-	(779)	-	-	-	(779)
Balance at 30 June 2017	681	10,041	386	471	-	11,579
Carrying Amounts						
At 1 July 2015	4,430	8,626	47	2,020	25	15,148
At 30 June 2016	4,597	9,270	66	2,006	37	15,976
At 1 July 2016	4,597	9,270	66	2,006	37	15,976
At 30 June 2017	4,630	9,136	119	1,962	25	15,872

Security

At 30 June 2017 properties with a carrying value of \$3,128,000 (2016: \$2,298,000) are subject to a registered mortgage to secure bank loans.

At 30 June 2017 plant & equipment with a carrying value of \$350,000 (2016: \$3,718,000) are subject to a registered chattel security.

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

Revaluation

On 12 June 2014 the land and buildings were independently valued by registered valuers, CVL Valuations Limited. The next revaluation was due in June 2017. The 2017 revaluation was not completed, an assessment was made and concluded there have been no significant movements in the market since the last revaluation. A revaluation will be carried out during the year ended 30 June 2018

7. Inventory

	Group 2017	Group 2016
	\$000	\$000
Metal Stocks	326	420
Other Supplies	133	246
Racecourse Land for Sale	124	-
	583	666
Provision for Obsolescence	-	-
	583	666

WESTLAND HOLDINGS LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2017



Term Inventory

Term Inventory comprises parts of land held for subdivision and sale purposes \$350,000(2016: \$347,000). Of this \$310,000 (2016: \$307,000) was held as tenants in common between Westroads Limited & Westland District Property Limited. This property is being developed and funded by Westroads with Westroads receiving 75% of any profits and Westland Property receiving the other 25%.

8. Intangible Assets

The Group's only intangible assets is Goodwill. Goodwill has been assessed for impairment. No impairment has been recognised in the current year (2016: Nil)

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

Group	Goodwill \$000	Total \$000
Cost or deemed cost		
Balance at 1 July 2015	575	575
Additions	-	-
Disposals	-	-
Balance at 30 June 2016	575	575
Balance at 1 July 2016	575	575
Additions	-	-
Disposals	-	-
Balance at 30 June 2017	575	575

Depreciation and impairment losses

Balance at 1 July 2015	-	-
Amortisation for the year	-	-
Impairment Loss	-	-
Disposals	-	-
Balance at 30 June 2016	-	-
Balance at 1 July 2016	-	-
Amortisation for the year	-	-
Impairment Loss	-	-
Disposals	-	-
Balance at 30 June 2017	-	-

Carrying Amounts

At 30 June 2017	575	575
At 30 June 2016	575	575

9. Investment property

	Group 2017 \$000	Group 2016 \$000
Opening Balance 1 July	953	858
Transferred from PPE	-	190
Adjustment	-	(30)
Fair value gains/(losses) on valuation	15	(65)
Balance at 30 June	968	953

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

WESTLAND HOLDINGS LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2017



10. Loan & Borrowings

	Group 2017 \$000	Group 2016 \$000
Current Account Overdraft	379	-
Flexible Finance Loan	-	-
Bank Term Loan	5,175	6,549
	5,554	6,549
The bank term loans are split as follows:-		
Current	819	817
Non-current	4,356	5,732
	5,175	6,549

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

Group	2017 \$000	2016 \$000	Maturing	Interest Repricing due
BNZ Secured bank loan - Interest Rate 6.97% (LY 6.97%)	-	2,000	-	2017
BNZ CARL Loan - TD - Interest Rate 5.2% (LY N/A)	1,936	-	4 Years	2021
BNZ Fixed Term Asset Loan (\$1,900K) - Interest Rate 5.55% (LY N/A)	1,754	1,900	4 Years	2021
BNZ Money Management Loan (\$2,500K) - Interest Rate 5.35%(LY 5.26%)	609	1,660	Variable	2021
Westpac Term Loan - Interest Rate 4.7% (LY: 5.2%)	200	200	Variable	2017
Westpac Term Loan - Interest Rate 4.7% (LY: 5.2%)	256	272	Variable	2019
Westpac Term Loan - Interest Rate 5.1% (LY: 5.2%)	252	271	Variable	2019
Westpac Term Loan - Interest Rate 6.45% (LY 6.3%)	120	171	Variable	2019
Westpac Term Loan - Interest Rate 6.45% (LY: 6.3%)	13	29	Variable	2019
Westpac Term Loan - Interest Rate 5.95% (LY: 5.8%)	36	46	Variable	2021

(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 2017 it is estimated that a 1% increase in interest rates would decrease the Group's 2017 profit before tax by approximately \$13,000 (2016: \$25,000.)

The Group has no formal interest rate hedging policy.

11. Deferred Income

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

12. Contingent Liabilities and Contingent Assets

At 30 June 2017, the Group had the following contingent liabilities:

	Group 2017 \$000	Group 2016 \$000
Guarantees:		
(a) Performance Bonds in favour of Westland District Council	486	65
(b) Performance Bonds in favour of Grey District Council.	235	550
(c) Mining Bonds	17	17
(d) Performance Bond in favour of Transit NZ	63	63
(e) Performance Bond in favour of Department of Conservation	-	77
(f) Performance Bonds in favour of Christchurch City Council	260	-
(g) Performance Bond in favour of General Director of Conservation	165	165

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

WESTLAND HOLDINGS LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2017



13. Operating Leases

At 30 June 2017, the Group has the following commitments that relate to leases as lessee:

	Group 2017 \$000	Group 2016 \$000
Commitment within 12 months	102	85
Commitment between 12 months & 5 years	126	52
Commitment greater than 5 years	20	23

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:-

	Group 2017 \$000	Group 2016 \$000
Not later than one year	92	52
Later than one year and not later than five years	216	57
Later than five years	127	49
Total non-cancellable operating leases	435	158

No contingent rents have been recognised during the period.

14. Commitments

Capital Commitments: At 30 June 2017, the Group had capital commitments of \$135,000 - Hydro Excavation Unit due within 12 months of balance date (2016: NIL.)

Other Commitments: Hokitika Airport Limited has a contract for painting work on the airport buildings until 2021. The value of the work contracted that has not yet been performed as at 30 June is \$11,000 (2016: \$14,000).

15. Employee Entitlements

The Group has the following current employee entitlements

	Group 2017 \$000	Group 2016 \$000
Annual Leave	632	687
Accrued Wages	17	14
Time In Lieu	14	11
Long Service Leave	32	52
Sick Leave	25	23
Retirement Gratuities	56	48
	776	835

The Group has the following non current employee entitlements

	Group 2017 \$000	Group 2016 \$000
Retirement Gratuities	19	98
Long Service Leave	74	71
	93	169

WESTLAND HOLDINGS LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2017



16. Post Balance Date Events

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

17. Transactions with Related Parties

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

Details of these interests are as follows:

Director/ Shareholder	Business in which an Interest is Declared	Type of Transaction	Group Transaction Amount \$000	Group Balance at 30 June \$000
<i>1 July 2016 to 30 June 2017</i>				
WDC	Westland District Council	Payment - Rentals & Rates & On charges	237	240
WDC	Westland District Council	Sales	6,472	691
WDC	Westland District Council	Subvention Payment	240	240
P M Cuff	Cuffs Limited	Purchase - accounting services	49	-
P M Cuff	Beachfront Hotel Limited	Purchase - entertainment	3	-
G P King & P M Cuff	Renton Chainsaws & Mowers	Purchase - Materials	1	-
D M J Havill	Aratuna Freighters Limited	Purchase - fuel, freight & other	488	48
D M J Havill	Aratuna Freighters Limited	Sale - plant hire and material sales	7	-
<i>1 July 2015 to 30 June 2016</i>				
WDC	Westland District Council	Payment - Rentals & Rates & On charges	215	237
WDC	Westland District Council	Sales	8,932	711
WDC	Westland District Council	Dividends Paid	170	-
WDC	Westland District Council	Subvention Payment	320	320
P M Cuff	Cuffs Limited	Purchase - accounting services	79	5
P M Cuff	Beachfront Hotel Limited	Purchase - entertainment	1	-
G P King & P M Cuff	Renton Chainsaws & Mowers	Purchase - Materials	5	-
D M J Havill	Aratuna Freighters Limited	Purchase - fuel, freight & other	226	15

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 2017 was \$320,000 with \$240,000 to be paid at balance date. (2016: \$136,000, \$320,000)

Westland Holdings (Parent): Westroads has a subvention payment agreement with Westland Holdings (Parent) for \$150,000, with \$150,000 to be paid at balance date. (2016: Nil, Nil)

Key management personnel disclosure

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

	Group 2017 \$000	Group 2016 \$000
Key management personnel compensation comprised		
Short-term employee benefits	34	32
Termination benefits	-	-
	34	32

There are no loans to or from key management personnel.

WESTLAND HOLDINGS LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2017



18. Financial Instruments

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

	Group 2017 \$000	Group 2016 \$000
<i>Loans and receivables</i>		
Bank Accounts & Cash	332	494
Bank Overdraft (secured)	(379)	-
Debtors and other Receivables	3,345	2,981
<i>Financial Liabilities at amortised cost</i>		
Creditors and Other Payables	2,385	1,753
Loans	5,175	6,549

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

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

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

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

Interest Rate Risk

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

Fair value interest rate risk:

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

Cash flow interest rate risk:

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

Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The group has no exposure to currency risk.

Credit Risk

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

Financial instruments which potentially subject the group to risk consist principally of cash and trade receivables. The group invests in high credit quality financial institutions and limits the amount of credit exposure to any one financial institution. Accordingly, the group does not require any collateral or security to support financial instruments with organisations it deals with.

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

Fair Values

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

WESTLAND HOLDINGS LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2017



Liquidity Risk

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

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

	Group 2017 \$000	Group 2016 \$000
Net surplus after taxation	542	74
<i>Add/(less) non cash items:</i>		
Depreciation and amortisation	1,783	1,734
Increase (decrease) in provision for doubtful debts	(8)	5
Increase/(decrease) in deferred tax liability	65	3
Increase/(decrease) in Employee Entitlements	(76)	95
Fair value (gain)/loss in investment properties	(15)	34
Total Non-Cash Items	1,749	1,871
<i>Add/(less) items classified as investment & financing activities:</i>		
Net loss/(gain) on sale of fixed assets	(182)	69
Capital accounts payable	(123)	9
Total Investing & Financing Activity Items	(305)	78
<i>Add/(less) movements in working capital items:</i>		
Increase/(decrease) in accounts payable and accruals	612	(142)
Increase/(decrease) in employee entitlements (current)	(60)	57
Increase/(decrease) in income received in advance	(1)	1
Increase/(decrease) in provision for taxation	112	(130)
Increase/(decrease) in Subvention payment payable	(80)	183
(Increase)/decrease in receivables and prepayments	(381)	564
(Increase)/decrease in tax refund due	(11)	12
(Increase)/decrease in inventory	84	(300)
(increase)/decrease in term inventory	(3)	43
(Increase)/decrease in work in progress	(50)	22
Working Capital Movement - Net	222	310
Net Cash Inflows from Operating Activities	2,208	2,333

WESTLAND HOLDINGS LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2017



20. Segmental Information

	Group Revenue \$000	Group Surplus/ Deficit \$000
Year ended 30 June 2017		
Roading and Infrastructural maintenance contracts	19,868	994
Airport Operation	676	66
Property	1,017	24
Holding Company	-	(83)
	21,561	1,001
Year ended 30 June 2016		
Roading and Infrastructural maintenance contracts	21,838	663
Airport Operation	604	77
Property	821	(228)
Holding Company	2	(55)
	23,265	457

Revenue includes interest received and other income.

21. Construction Contracts

	Group 2017 \$000	Group 2016 \$000
Contract costs incurred	5,270	7,034
Recognised profits/losses	1,071	3,033
	6,341	10,067
Progress billings	6,263	9,974
Gross amounts receivable from Customers	78	93
Retentions receivable in respect of construction contracts	311	661

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

22. Capital Management

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

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

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