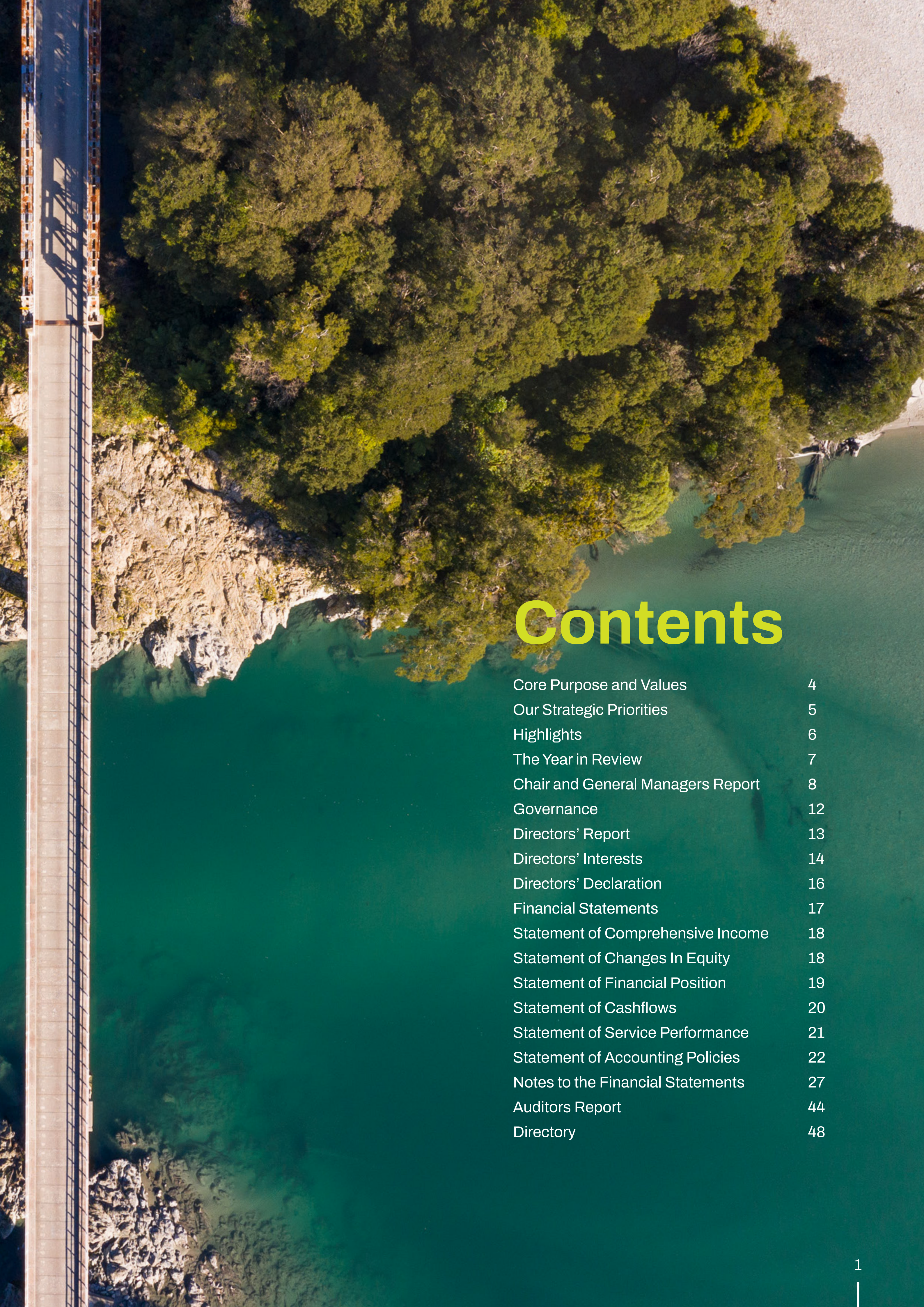
Westroads

Annual Report

September 2024

2024

THE YEAR IN REVIEW



Contents


Greymouth
Westland
Christchurch

Westroads is committed to constructing and maintaining horizontal infrastructure for future generations to enjoy.

Core Purpose

The principal objectives of the Company are to:

- Operate as a successful business
- Maximise shareholder value
- Provide positive community outcomes

Our Values

Improvement and Innovation

- Looking for better ways
- Being innovative
- Embracing change

Performance Driven

- Plan and communicate
- Always do our best
- We take pride

Team Commitment

- Safety comes first
- Respect goes a long way
- Value our people

Our Strategic Priorities

Invest In People and Culture

OUTCOMES

- Employer of choice
- Invest in leadership and skills training for all our people
- Provide opportunities for young West Coasters

Care For Community and Environment

OUTCOMES

- District wide emergency response capability
- Five-year sustainability plan
- Give back to our Westland communities

Achieve Outstanding Results

OUTCOMES

- Improving H & S performance
- Dividend growth
- Equity growth

Build Quality Relationship

OUTCOMES

- Highly engaged relationships with our shareholder, clients and Iwi
- Enhanced marketing and communications

Diversify

OUTCOMES

- Grow customer base, work streams and geographical areas

Highlights

Keeping our People Safe

73% ↓

TRIFR Rate reduction 73% in last 12 months 1.5 to 0.4

Investment in Our People

$240k

Over $240,000 was invested in training and upskilling our people

Revenue Growth

$10M

OVER 5 YEARS

Re-Gaining Grey District Council Utilities Contract

The Year in Review

Chair and General Managers Report

The 2023-24 financial year was a rebuilding period for Westroads, marked by strategic progress and operational challenges.

We maintained our strategic focus as a platform for future growth and success throughout the year. We invested in people and culture through training and the provision of opportunities for young West Coasters. We continued to drive our Health and Safety performance and saw a continued improvement in reporting numbers. Progress was made regarding diversification with new customers and significant contracts secured. We have provided care for our community and environment through district wide emergency response and giving back to the community through sponsorship. We have continued to work hard on building quality, long-term relationships while improving communication with our shareholder, key stakeholders and the community.

Operationally, the first six months were challenging. The three main factors for this were the loss of the Grey District Council roading maintenance contract from July 1, 2023; government change and funding uncertainties around local council 3-waters replacement programmes; and Westland District Council reducing its roading maintenance budget by one-third two months into the year. These factors impacted our financial performance as we balanced short-term work availability with resource requirements for near-term strategic tenders.

Our recovery during the second six-months was encouraging, driven by securing more work as councils resumed their 3-waters infrastructure replacement programmes and we delivered improved performances on existing long-term maintenance contracts. While financial outcomes improved over this period, we did not meet year-end budgeted targets.

Looking forward, the progress made on strategic priorities throughout the year and on operational improvement in the second half has placed us in a positive position heading into the 2024-25 financial year.

Whataroa crew responding to emergency works on the Fox hills after a storm event.

West Coast Crew participating in a Re-Induction Health & Safety training session.

Westland Branch

Despite a solid performance, the Westland branch was negatively impacted by the significant reduction in Westland District Council roading maintenance work, leading to underutilization of large equipment like graders and trucks. However, the branch benefited from emergency work following the April flood event, particularly related to our State Highway NOC (Network Outcomes Contract) contract. We also secured construction work in the last quarter, including the West Coast District Health Board Hokitika carpark upgrade and the Westland District Council Z-Line Sewerage upgrade project. Staff numbers increased by 5 now up to 66.

Grey Branch

The loss of the Grey District Council roading contract at the end of the 2022-23 financial year was a major setback, resulting in a right-sizing exercise into the 2023-24 financial year. We minimized the impact of this by redeploying five employees to vacancies in our Hokitika branch and selling approximately $1 million worth of equipment to match the reduced workload. Of the remaining Grey District operations, our Parks and Reserves maintenance contracts performed well, and the Screening and Crushing division made significant improvements, contributing positively to our group profit. Staff numbers reduced by 11 now down to 15.

Celebrating 25 years.

Coast to Coast Team carrying out PE pipe welding at a job in Christchurch.

Christchurch Branch (Trenching Dynamix)

The Christchurch branch was severely affected by the government change and funding uncertainties for local council 3-waters capital replacement programs. However, the hiring of Gearoid Coholan as the new Senior Project Manager in early September proved to be instrumental in leading the branch's development and growth strategy. From December, we secured a large volume of Christchurch City Council 3-waters projects, aiding our recovery. This positive trend continues, despite the challenging market conditions in Canterbury. Staff numbers increased by 2 – now up to 32 employees.

TD Crew working on the Halswell Road Drainage Job.

We are continuing to diversify our client base and work types to reduce the risk of gaps in our forward work programmes.

Looking Ahead to 2024-25

The outlook for 2024-25 is promising. However, the year will still present challenges as our industry is experiencing a major market downturn. The Westland Branch has made a strong start to the financial year, thanks to good performances on our two Roading Maintenance contracts. The Westland District Council Utilities and Parks and Reserves maintenance contracts are expected to perform to budget. Although we have some construction work ahead, margins are low due to increased competition. We are seeking more work outside our home base and looking to send our crews away, as we do not foresee any large construction projects on the horizon in the Westland District.

The Greymouth Branch has been revitalised by re-winning the Grey District Council Utilities maintenance contract, which has significantly boosted employee morale. The outlook for our Screening and Crushing Department is strong for 2025, as we have secured two new major supply contracts for our beach products. We will also focus on increasing our market share in the district and enhancing overall profitability.

The Christchurch Branch (Trenching Dynamix) has had a good start to the financial year, with a strong volume of secured forward work well ahead of where we were at this time last year. We are continuing to diversify our client base and work types to reduce the risk of gaps in our forward work programmes.

Acknowledgements

We wish to thank the Board of Directors for their support of company direction, which focuses on continual improvement and well-researched growth development.

Thanks also to the senior management team for their efforts last year in progressing and implementing the company strategy in a challenging market.

We also extend our gratitude to all Westroads staff for their hard work on many challenging projects in all weather conditions.

Finally, thanks to the Westland District Council Mayor, Councillors and Officers for their support and challenge over the last year. We look forward to engaging more in the year ahead.

Mark Rogers
Chair

Graeme Kelly
General Manager

Governance

The Company was governed by a four-member Board of Directors including:

Mark Rogers
Chairman
Commenced 2019

Rob Caldwell
Deputy Chair and Chair Risk and Assurance
Commenced 2021

Peter Cuff
Director (Retired)
1995 - 2024

Ross Pickworth
Director
Commenced 2017

The director's role includes:

- Strategic governance;
- Financial oversight;
- Management performance review;
- Overseeing tender prices for major tenders; and
- Ensuring statutory and regulatory compliance.

One director retires each year in rotation. Directors can make themselves available for re-appointment.

Board evaluation is conducted at least biannually and is facilitated by the Chair. Directors consider training requirements annually to ensure that professional standards are adhered to.

Senior Leadership Team:

General Manager: Graeme Kelly

Financial Controller: Traci Booth-Ross

System Manager: Kriek Oelofse

Head of Estimating: Martin Russell

Operations Manager West Coast: Michael Saunders

Senior Project Manager Christchurch: Gearoid Coholan

Fleet Manager: Brendon Rea

Directors' Report

Westroads Limited Directors' Report For The Year Ended 30 June 2024

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 2024.

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

Nature and Scope of Activities

The nature of Westroads Limited activities are that of a general contractor and a trading organisation offering goods and services for sale and plant and equipment for hire. Its activities include:

- Three Water Services – maintenance and construction;
- Roading-maintenance and construction, including bridge maintenance and construction;
- Greenspace maintenance and construction, including maintenance of council parks and reserves;
- Waste Management services including landfill and transfer station operation;
- General civil contracting activities including carpark, driveway and building pad construction;
- Vehicle and equipment maintenance services including automotive maintenance and engineering services;
- The manufacture and supply of aggregates and sands;
- The supply of goods, materials, services and equipment for sale or hire;
- Provision of human resources for civil defence; and
- Any other relevant activity as determined by the Directors from time to time.

NZ$ (000's)	2024
Results For The Year Ended 30 June 2024	
Net Surplus (Loss) before Taxation	613
less Subvention Payment	200
less Income Taxation	97
Net Surplus (Loss) After Taxation	**316**
Movements in Equity	
Equity (Opening Balance)	11,271
Distributions to Owners	(200)
Surplus after Taxation	316
Equity (closing balance)	**11,387**

Directors’ Interests

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

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

Mark Rogers

Cumberland Property Group Limited	Chair
Cumberland Rural Properties Limited	Chair
Fulton Hogan Limited	Shareholder
Kingsdown-Salisbury Hall Committee	Treasurer
Men at Work Limited	Independent Chair
MVHB Professional Services Limited	Shareholder and Director
PrimePort Timaru	Director
Te Runanga o Arowhenua Limited	Chair
The Rogers Family Trust	Trustee
Timaru District Holdings Limited	Chair

Rob Caldwell

Grey District Council - Risk & Assurance Committee	Independent Chair
Network waitaki Limited	Director

Peter Cuff

CBR Trustees Limited	Director
125 Revell Limited	Director & Shareholder
51 Tancred Limited	Director & Shareholder
CBR Trustees No. 3 Limited	Director
CBR Trustees No. 2 Limited	Director
Cuffs Limited	Director
Cuffs Trustees No. 4 Limited	Director & Shareholder
Fire and Emergency NZ	Chief Fire Officer
Hoki Holdings Limited	Director & Shareholder
Paper Plus Hokitika	Part Owner
Tasman View Properties Limited	Director & Shareholder
The Beachfront Hotel Hokitika Limited	Director

Ross Pickworth

Ashburton Contracting Limited	Director
Industrial Controls South Canterbury Limited	Director
McLenaghan Contracting Limited	Chair
Pipeline and Civil Limited	Independent Director
Pipeline Group Limited	Independent Director
PLC Plant Limited	Independent Director
Transwaste Canterbury Limited	Director
West Oak Trading Limited	Director and Shareholder
Waiotahi Construction Limited	Chair
Network Tasman Limited	Director

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:

Mark Rogers - Chair from Nov 23	$46,521
Peter Cuff - Chair until Nov 23	$40,167
Rob Caldwell - Deputy Chair	$41,667
Ross Pickworth	$37,333
	$165,687

Donations

The total amount of donations made by the Company during the year was $6,963.

Auditors

The Auditor-General is appointed under Section 15 of the Public Audit Act 2001 and Section 70 of the Local Government Act 2002. Ernst & Young 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 17 to 43:

- 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 2024 and the results of their operations and cash flows for the year ended on that date; and
- 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:

M Rogers
Chair
27 September 2024

R Caldwell
Deputy Chair & Chair of Risk & Assurance
27 September 2024

Financial Statements

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2024

NZ$ (000's)	Note	2024	2023
Revenue from Contracts with Customers	1	25,165	31,066
Cost of Sales	2	17,199	21,970
Gross Profit		7,966	9,096
Other Income	3	844	505
Less Depreciation	2, 14 & 15	2,217	2,490
Less Administrative Expenses	2	5,715	5,908
Results from Operations		877	1,203
plus Finance Income		4	0
less Finance Expense	4	269	357
Net Finance Costs		264	357
Profit before Income Tax		613	846
less Subvention Payment		200	380
less Income Tax Expense	5	97	133
Profit for the Period		316	333
Attributable to:			
Equity Holders of the Parent		316	333
Total Comprehensive Income for the Year		316	333
Attributable to:			
Equity Holders of the parent		316	333
		316	**333**
Earnings Per Share from Continued Operations (in cents)		0.23	0.24

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2024

NZ$ (000's)	Note	Share Capital	Asset Revaluation Reserve	Retained Earnings	Total
Balance 1 July 2023		1,385	1,275	8,612	11,271
Profit/(Loss) for the Period		0	0	316	316
Dividends to Equity Holders		0	0	(200)	(200)
Balance 30 June 2024	6	1,385	1,275	8,727	11,387
Balance 1 July 2022		1,385	1,275	8,579	11,238
Profit/(Loss) for the Period		0	0	333	333
Dividends to Equity Holders	6	0	0	(300)	(300)
Balance 30 June 2023		1,385	1,275	8,612	11,271

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

NZ$ (000's)	Note	2024	2023
EQUITY			
Share Capital	6	1,385	1,385
Retained Earnings		8,726	8,611
Asset Revaluation Reserve		1,275	1,275
		11,387	**11,271**
Represented by:			
CURRENT ASSETS			
Cash and Cash Equivalent	7	159	1,222
Trade and Other Receivables	8	2,515	2,923
Prepayments		0	2
Inventory	9	1,373	973
Work in Progress		35	11
Contract Assets	10	1,596	1,473
Tax Refund		22	0
Total Current Assets		**5,700**	**6,603**
CURRENT LIABILITIES			
Trade and Other Payables	12	1,881	2,208
Contract Liabilities	10	260	212
Subvention Payment Payable		200	380
Loan and Other Borrowings	11	1,700	1,242
Employee Benefit Liabilities	13	1,028	1,124
Tax Payable		0	231
Lease Liability	14	96	112
Total Current Liabilities		**5,166**	**5,508**
Working Capital		**534**	**1,095**
NON-CURRENT ASSETS			
Property Plant and Equipment	15	11,861	13,244
Term Investments		99	75
Right of Use Assets	14	482	594
Total Non-Current Assets		12,442	13,913
NON-CURRENT LIABILITIES			
Loan and Other Borrowings	11	1,026	3,038
Employee Benefit Liabilities	13	144	134
Deferred Tax Liability		(26)	17
Lease Liability	14	445	547
Total Non-Current Liabilities		**1,590**	**3,737**
Net Assets		**11,387**	**11,271**

STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 30 JUNE 2024

NZ$ (000's)	Note	2024	2023
Cash Flows from Operating Activities			
Cash was provided from:			
Receipts from Customers and Other Sources		25,472	30,926
Interest Received		4	0
Total Cash Inflows from Operating Activities		**25,477**	**30,926**
Cash was disbursed to:			
Payments to Employees and Suppliers		23,526	28,127
Income Taxes Paid		393	192
Subvention Payments Made		380	200
Interest Paid		269	357
Total Cash Outflows from Operating Activities		**24,567**	**28,876**
Net Cash Inflow from Operating Activities	**16**	**910**	**2,049**
Cash Flows from Operating Activities			
Cash was provided from:			
Proceeds from Sale of Property, Plant and Equipment		1,367	902
Total Current Liabilities		**1,367**	**902**
Cash was applied to:			
Purchase of Property, Plant and Equipment		1,450	2,544
Total Cash Outflows from Investing Activities		**1,450**	**2,544**
Net Cash Outflow from Investing Activities		**(82)**	**(1,642)**
Cash Flows from Financing Activities			
Cash was provided from:			
Proceeds of Bank Advances		6,833	4,280
Total Cash Inflows from Financing Activities		**6,833**	**4,280**
Cash was applied to:			
Repayment of Loans		8,388	3,230
Increase in Investments		24	75
Payment of Lease Liabilities	14	111	136
Dividends Paid		200	300
Total Cash Outflows from Financing Activities		**8,723**	**3,742**
Net Cash Inflow/(Outflow) from Financing Activities		**(1,890)**	**538**
Net Increase/(Decrease) in Cash Held		**(1,063)**	**945**
plus Opening Bank Balance at 1 July		1,222	277
Bank Balance at 30 June		**159**	**1,222**
Made up of:			
Cash		159	1,222
		159	**1,222**

STATEMENT OF SERVICE PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2024

NZ$ (000's)	ACTUAL 2024	BUDGET 2024
Gross Revenue	25,165	28,726
Less Cost of Sales	17,199	21,598
Gross Profit	**7,966**	**7,128**
Plus Other Income	844	168
Less Depreciation	2,217	1,946
Less Administrative Expenses	5,715	4,003
Less Net Finance Costs	264	218
Net Profit (Loss) Before Taxation	**613**	**1,129**
Taxation Expense	97	260
Subvention Payments	200	200
Net Surplus (Loss) After Taxation	**316**	**669**
Equity at 1 July	11,271	11,622
Dividends	200	262
Earnings Retained	316	406
Equity At 30 June	11,387	12,028
Return On Average Shareholders Funds Before Tax and Revaluations	5.41%	9.39%
Percentage Of Shareholders Funds to Total Assets	63%	45-100%
Distributions As a Percentage of After Tax Profits	126.8%	40-70%

STATEMENT OF ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2024

REPORTING ENTITY

Westroads Limited (the Company) is registered under the Companies Act 1993 and is domiciled in New Zealand.

Westroads Limited (the Company) is a council-controlled organisation for the purposes of the Local Government Act 2002 and is registered under the Companies Act 1993.

From 27 June 2024 the company is owned 100% by Westland District Council (the Council).

The financial statements of the Company for the year ended 30 June 2024 were authorised for issue in accordance with a resolution of the directors on 27 September 2024.

BASIS OF PREPARATION

Statement of Compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). The financial statements comply with New Zealand equivalents to International Financial Reporting Standards. For the purposes of complying with NZ GAAP the company is a for-profit entity.

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.

STANDARDS OR INTERPRETATIONS NOT YET EFFECTIVE

There are no standards, amendments, and interpretations issued but not yet effective that have not been early adopted, and which are relevant to the company.

Measurement base

The financial statements have been prepared on a historical cost basis except for land and buildings were revalued in June 2021. The next revaluation is due in June 2025.

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 1	Revenue from contracts with customers;
Note 3	Other Income;
Note 11	Amortised costs;
Note 14	Right of use asset and lease liabilities and
Note 15	Depreciation and estimated useful lives of property, plant and equipment.

CHANGES IN ACCOUNTING POLICIES

There are no new standards, interpretations, and amendments in the current year that impact on the annual financial statements for the year ended 30 June 2024 and therefore there are no changes in the company's accounting policies.

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:

	2024
Buildings	4-50 years
Plant and Equipment	1-20 years
Office Furniture & Equipment	2-7.5 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 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.

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, 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.

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 Company'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

The Company applies IFRS15 to measure Contract assets and Contract liabilities. These items arise from contracts entered into 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.

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.

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.

FAIR VALUE

The Company uses various valuation methods to determine the fair value of certain assets. The inputs to the valuation methods used to measure fair value are categorised into two levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

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 netted off against cash and cash equivalents and will only show in current liabilities if overall position is negative.

CONTRACT ASSETS

Contract assets primarily relate to the Company's rights to consideration for work performed but not billed at the reporting date. The contract assets are transferred to trade receivables when the rights have become unconditional. This usually occurs when the Company issues an invoice in accordance with contractual terms to the customer. Payments from customers are received based on a billing schedule / milestone basis, as established in our contracts.

CONTRACT LIABILITIES

Contract liabilities primarily relate to the Companies obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. Contract liabilities are recognised as revenue when work is performed under the contract. If the net amount of the Company's rights to consideration for work performed after deduction of progress payments received is negative, the difference is recognised as a liability and included as part of contract liabilities.

The Company as a lessee

The Company assesses whether a contract is or contains a lease at inception of the contract. The Company recognises a Right of Use asset (ROU) and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases and leases of low-value assets where the Company recognises the lease payments as another operating expense on a straight-line basis over the term of the lease. Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate (IBR). Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments, less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease if the lease term reflects the exercise of an option to terminate the lease.

Lease liabilities are presented as a separate line in the balance sheet and are subsequently measured by increasing the carrying amount to reflect interest on the lease (using the effective interest method) and reducing the carrying amount to reflect the lease payments made. The Company remeasures the lease liability if:

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- Lease payments changing due to changes in an index or rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate; or
- A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

ROU assets comprise of the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Wherever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under NZ IAS 37. The costs are included in the related ROU asset, unless those costs are incurred to produce inventories. ROU assets are depreciated over the shorter period of lease term and useful life of the underlying asset.

The estimated useful lives of ROU assets are based on the lease term. Depreciation starts at the commencement date of the lease. ROU assets are presented as a separate line in the balance sheet. The Company applies NZ IAS 36 to determine whether a ROU asset is impaired and accounts for any identified loss under the same policy adopted for property, plant and equipment. Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and ROU asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in other operating expenses in the income statement.

WESTROADS LIMITED
NOTE TO THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2024

1. REVENUE FROM CONTRACTS WITH CUSTOMERS

NZ$ (000's)	2024	2023
Over Time		
Maintenance contracts	12,394	16,247
Construction contracts	9,311	11,393
Other contracts	1,936	2,034
Total Contracts Revenue	**23,642**	**29,673**
At a point in time		
Sales of goods and services metal	1,523	1,393
Total Revenue	**25,165**	**31,066**

Under NZIFRS 15, revenue is recognised when a customer obtains control of the goods or services. Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised if it meets the criteria below.

i) Maintenance Contracts

The Company primarily generates service revenue from the following activities:

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

Typically, under the performance obligations of service contracts, the customer consumes and receives the benefit of the service as it is provided. As such, service revenue is recognised over time as the services are provided.

(ii) Construction Contracts

The contractual terms and the way in which the Company operates its construction contracts is predominantly derived from projects containing one performance obligation. There are numerous milestones in each project, however the performance obligation is the delivery of completed construction project as this primary outcome of each contract. Under these performance obligations, customers either simultaneously receive and consume the benefits as the company performs them or performance creates or enhances an asset that the customer controls as the asset is created or enhanced. Therefore, contracted revenue is recognised over time based on stage of completion of the contract. Transaction price is based on contract value.

(iii) Sale of Goods Revenue

Is recognised at a point in time when the customer obtains control of goods and services, specifically when physical goods are delivered to the customer. Transaction price is based on the agreed sales price.

iv) Other Contracts

Other contracts included contracts that cannot be classified under Maintenance or Construction - such as smaller Plumbing contracts and operation of Landfill management assets is recognised over time. Under these performance obligations, customers either simultaneously receive and consume the benefits as the Company performs them.

v) Variable Consideration

Westroads has not incurred any claim for liquidated damages during the financial year.

vi) 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.

Key estimates and judgements: Revenue recognition

- **Stage of completion of construction contracts**

  Determining the stage of completion requires an estimate of expenses incurred to date as a percentage of total estimated costs. 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, therefore the satisfaction of the performance obligation represents a faithful depiction of the transfer of goods or services.

- **Modifications**

  When a contract modification exists and the Company has an approved enforceable right to payment, revenue in relation to claims and variations is only included in the transaction price when the amount claimable becomes highly probable. Management uses judgement in determining whether an approved enforceable right exists and the amount that meets the "highly probable" threshold.

- **Variable consideration**

  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.

Timing of revenue and payment

Payment is required on the 20th day of the month after the issuing of invoice. The only difference in timing between recognition of income and receipt of payment are Contract Retentions, which are classified as Contract Assets and Contract Liabilities in the Statement of Financial Position. Retentions are released when a certificate of completion is produced and the remaining balance after the defects period documented in the contact is reached.

2. NATURE OF EXPENSES

The following items are included in the expenditure of the Company

NZ$ (000's)	2024	2023
Audit fees to Ernst & Young comprising audit of financial statements	88	85
Depreciation & amortisation leases	105	128
Depreciation & amortisation	2,111	2,362
Loss on sale of property, plant & equipment	24	15
Directors' fees	166	153
Donations	7	26
Rental and operating lease costs	44	19
Bad debts written off	9	1
Personnel Expenses		
Wages & salaries	9,589	10,491
Contributions to defined contribution plans	429	463
Long service leave	23	31
Retiring gratuities	6	4
Total Contracts Revenue	**10,047**	**10,988**

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

3. OTHER INCOME

NZ$ (000's)	2024	2023
Gain on sale of property, plant & equipment	796	424
Capital gain sale plant	0	1
Wage Subsidies	11	0
Supplier rebates	20	24
Government COVID related grant	4	18
Recoveries	14	38
	844	**505**

4. FINANCE EXPENSES

NZ$ (000's)	2024	2023
Interest Expense on Lease Liabilities	29	32
Other Finance Costs	240	324
	269	**357**

5. TAXATION

The taxation expense that would arise at the standard rate of corporation tax in New Zealand is reconciled to the tax expense as follows:

NZ$ (000's)	2024	2023
Surplus/(deficit) before taxation	613	846
Prima facie taxation @ 28%	172	237
Plus/(Less) taxation effect of permanent differences	3	2
(Less) Tax Effect of Subvention Payment to WHL	0	(50)
(Less) Tax Effect of Subvention Payment to WDC	(56)	(56)
(Less) Tax Effect Temporary Difference Building Depreciation	(21)	0
Taxation Expense	**97**	**133**
The taxation charge is represented by:		
Current taxation	140	231
Deferred Taxation Movement	(43)	(98)
	97	**133**
Deferred taxation (liability)/asset		
Opening Balance	(17)	(115)
Movement Recognised in Profit or Loss	43	98
	26	**(17)**
Deferred tax assets and liabilities are attributable to the following:		
Tax Effect Temporary Difference Building Depreciation	21	0
Employee benefit plans (Asset)	10	9
Accruals (Asset)	220	244
Revaluation Carrying Losses	(69)	(69)
Retentions (Liability)	(230)	(268)
Property, Plant & Equipment (Liability)	73	67
	26	**(17)**

6. SHARE CAPITAL

At 30 June 2024 the Company has issued 1,385,326 (2023: 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 dividend of $200,000 was paid during the year (2023: $300,000). Dividends paid per share equated to $0.14 (2023: $0.22).

7. CASH AND CASH EQUIVALENT

NZ$ (000's)	2024	2023
Cash in Bank	158	1,221
Cash on Hand	1	1
Total Cash and Cash Equivalent	**159**	**1,222**

8. TRADE AND OTHER RECEIVABLES

NZ$ (000's)	2024	2023
Trade Debtors - non-related	1,307	1,769
Trade Debtors - related parties	1,132	1,003
Cost Fluctuation Adjustment Accruals	85	150
Total	**2,524**	**2,923**
Less allowance for expected credit loss	9	0
Total Receivables	**2,515**	**2,923**

NZ$ (000's)	Gross Receivable 2024	Expected Credit Loss 2024	Gross Receivable 2023	Expected Credit Loss 2023
Not past due	2,265	0	2,712	0
Past due 0-30 days	84	0	41	0
Past due 31-120 days	82	0	17	0
Past due 121-360 days	0	0	1	0
Past due more than 1 year	8	(9)	0	0
Total Cash and Cash Equivalent	**2,438**	**(9)**	**2,772**	**0**

9. INVENTORY

NZ$ (000's)	2024	2023
Manufactured inventories and work in progress		
Metal Stocks	1,305	908
Other Supplies	68	65
	1,373	**973**

Cost of inventories recognised as an expense

During the year ended 30 June 2024 $891,669.89, (2023: $864,081.56) was recognised as an expense for inventories carried at net realisable value. This is recognised in cost of sales.

10. CONTRACT ASSETS AND LIABILITIES

Contract Assets

Contract assets primarily relate to the Company's rights to consideration for work performed but not billed at the reporting date. The contract assets are transferred to trade receivables when the rights have become unconditional. This usually occurs when the Company issues an invoice in accordance with contractual terms to the customer. Payments from customers are received based on a billing schedule / milestone basis, as established in our contracts. Contact assets are disaggregated according to contract type:

NZ$ (000's)	2024	2023
Maintenance contracts	105	200
Construction contracts	1,426	1,208
Other contracts	66	64
Total current contract asset	**1,596**	**1,473**

As of 30 June 2024, the aggregate amount of the transaction price allocated to the remaining performance obligations is $15,198 (2023: $20,121). The Company will recognise this revenue when the performance obligations are satisfied. 100% of remaining performance obligations are expected to occur within the next two years.

Revenue recognised for the year ended 30 June 2024 from performance obligations satisfied (or partially satisfied) in previous periods amounted to $10,132. (2023:$11,538).

The Change in Contract Assets reflects increase in retentions compared to last year. Further type of contracts still in Work in Progress at year end being more Construction than Maintenance.

Contract liabilities primarily relate to the Companies obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. Contract liabilities are recognised as revenue when work is performed under the contract. If the net amount of the Company's rights to consideration for work performed after deduction of progress payments received is negative, the difference is recognised as a liability and included as part of contract liabilities.

NZ$ (000's)	2024	2023
Maintenance contracts	0	10
Construction contracts	249	199
Other contracts	11	3
Total contract liabilities	**260**	**212**

The opening balance of contract liabilities was $211,511 in 2024, all of which was recognised as revenue in the 2024 financial year.

11. AMORTISED COSTS (LOAN & BORROWINGS)

NZ$ (000's)	2024	2023
WHL Loans	2,726	4,000
Bank Loan	0	280
	2,726	**4,280**
The bank term loan and finance lease are split as follows:-		
Current Lending Debt	1,700	1,242
Non-current Lending Debt	1,026	3,038
	2,726	**4,280**

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

NZ$ (000's)	2024	2023	Interest Repricing due	Maturing
Money Management Loan ($3,344k) - Interest rate - 5.5%	0	280	Variable	2024
WHL- LGFA - WH2504 ($1,500k) - Interest rate - 5.41%	0	1,500	2 Years	2029
WHL- LGFA - WH0424 ($1,500k) - Interest rate - 5.7061%	0	1,500	1 Year	2029
WHL- LGFA - WH0923 ($1,000k) - Interest rate - 5.275%	0	1,000	3 Months	2023
WDC - LGFA - WN0625 ($1,400k) - Interest rate - 5.85%	1,400	0	Fixed	2025
WDC - LGFA - WN1224 ($300k) - Interest rate - 5.96%	300	0	Fixed	2024
WDC - LGFA - WN2615 ($1,026k) - Interest rate - 5.54%	1,026	0	Fixed	2026

(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 2024, it is estimated that a 1% increase in interest rates would not reduce the Company's 2024 profit before tax because no loans were under variable interest rates (estimated decrease in 2023: $2,800.) The company has no formal interest rate hedging policy.

12. TRADE AND OTHER PAYABLES

NZ$ (000's)	2024	2023
Trade Payables	1,571	1,872
Trade Payables - Related Parties	30	46
GST Payable	158	160
Accruals and other Liabilities	130	130
	1,889	**2,208**

13. EMPLOYEE ENTITLEMENTS

The Company has the following current employee entitlements

NZ$ (000's)	2024	2023
Current		
Annual Leave	707	671
Time in Lieu/Stat Leave	25	28
Long Service Leave	32	15
Sick Leave	20	22
Accrued Salary and Wages	244	388
Total Current Employee Entitlements	**1,028**	**1,124**
Non Current		
Retirement Gratuities	39	34
Long Service Leave	105	100
Total Non Current Employee Entitlements	**144**	**134**

14. RIGHT OF USE ASSET AND LEASE LIABILITY

The Company recognises a right-of-use asset (ROU) and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases and leases of low- value assets where the Company recognises the lease payments as another operating expense on a straight-line basis over the term of the lease.

Right of Use Asset

NZ$ (000's)	Commercial property	Gravel extraction consent	Photo copying equipment	Total
As at 1 July 2022	649	2	11	663
Additions	59	0	0	59
Depreciation expense	(119)	(2)	(7)	(128)
Total ROU Assets as at 30 June 2023	**589**	**0**	**4**	**594**

NZ$ (000's)	Commercial property	Gravel extraction consent	Photo copying equipment	Total
As at 1 July 2023	589	0	4	594
Additions	0	27	0	27
Deletions	(34)	0	0	34
Depreciation expense	(99)	(3)	(4)	(105)
Total ROU Assets as at 30 June 2024	**456**	**24**	**0**	**482**

The lease of the land and buildings in Christchurch contains an option to renew the contract for a further three years at 2026. It is reasonably certain that the lease will be renewed at this date, as such the right of asset for the Christchurch building has been calculated with rights renewed in 2026.

Lease liability – Maturity Analysis

Lease liabilities under NZ IFRS 16: NZ$ (000's)	Note	2024 Total lease liability	2023 Total lease liability
Less than one year		96	112
Between one and five years		436	527
More than five years		9	20
		542	**659**
Current		96	112
Long Service Leave		445	547
		542	**659**
Total cash outflow for leases - principal portion		111	136
Total cash outflow for leases - interest portion	4	29	32

Total lease expenditure in 2024 was $140,316.

15. PROPERTY, PLANT, AND EQUIPMENT

NZ$ (000's)	Land & Buildings	Plant & Equipment	Office Furniture & Equipment	Total
Cost or deemed cost				
Balance at 1 July 2022	3,433	25,226	675	29,335
Additions	0	2,591	80	2,671
Disposals	0	(1,775)	(7)	(1,782)
Balance at 30 June 2023	**3,433**	**26,042**	**748**	**30,224**
Balance at 1 July 2023	3,433	26,042	748	30,224
Additions	0	1,301	22	1,323
Re Class Assets & Correction Depreciation	(164)	(1,028)	(111)	(1,303)
Disposals	0	(3,411)	0	(3,411)
Balance at 30 June 2024	**3,269**	**22,904**	**660**	**26,833**
Depreciation and impairment losses				
Balance at 1 July 2022	439	14,873	595	15,907
Depreciation for the year	78	2,197	87	2,362
Disposals/Write-back on Revaluation	0	(1,290)	0	(1,290)
Balance at 30 June 2023	**516**	**15,780**	**683**	**16,980**
Balance at 1 July 2023	516	15,780	683	16,980
Depreciation for the year	77	1,966	69	2,111
Re Class Assets & Correction Depreciation	151	(1,225)	(230)	(1,303)
Disposals/Write-back on Revaluation	0	(2,815)	0	(2,815)
Balance at 30 June 2024	**745**	**13,706**	**521**	**14,972**
Carrying Amounts				
At 1 July 2022	2,994	10,353	80	13,428
At 30 June 2023	2,917	10,262	65	13,244
At 1 July 2023	2,917	10,262	65	13,244
At 30 June 2024	2,524	9,198	138	11,861

At 30 June 2024 properties with a carrying value of $2,514,325 (2023: $2,783,399) are subject to a registered mortgage to secure bank loans.

At 30 June 2024 no plant and equipment was subject to a registered chattel security (2023: $0). All plant & equipment is subject to a general registered debenture.

Finance Lease

Note 14 Provides further information about finance leases.

16. RECONCILIATION OF NET SURPLUS AFTER TAXATION WITH CASH INFLOW FROM OPERATING ACTIVITIES

NZ$ (000's)	2024	2023
Net surplus after taxation	316	333
Add/(less) non cash items:		
Depreciation and amortisation	2,217	2,490
Increase/(decrease) in Provision for Doubtful Debts	9	0
Increase/(decrease) in Deferred Tax	(43)	(98)
Increase/(decrease) in Employee Entitlements (non-current)	10	25
Total Non-Cash Items	**2,193**	**2,417**
Add/(less) items classified as investment & financing activities:		
Net loss (gain) on Sale of fixed assets	(772)	(410)
Capital Account payable	127	(127)
Total Investing & Financing Activity Items	**(645)**	**(537)**
Add/(less) movements in working capital items:		
(Decrease)/increase in Accounts Payable and Accruals	(327)	106
Increase/(decrease) in Employee Entitlements	(96)	(91)
Increase/(decrease) in Provision for Taxation	(253)	38
Decrease (Increase) in Contract Assets	(124)	(11)
Increase/(decrease) in Contract Liabilities	49	(137)
Increase/(decrease) in Subvention Payment Payable	(180)	180
Decrease (Increase) in Receivables and Prepayments	400	(226)
(Increase)/decrease in Inventory	(400)	(74)
(Increase)/decrease in Work in progress	(24)	52
Working Capital Movement - Net	**(954)**	**(164)**
Net Cash Inflows from Operating Activities	**910**	**2,049**

17. 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	Balance at 30 June
1 July 2023 to 30 June 2024			**(000's)**	**(000's)**
WDC	Westland District Council	Payment - Rentals & Rates	57	8
WDC	Westland District Council	Westroads Sales	8,554	1,114
WDC	Westland District Council	Subvention Payment	200	200
WDC	Westland District Council	LGFA Loans, Interest & Fees	0	2,726
WDC	Westland District Council	Bond Receivable	0	74
WDC	Westland Holdings Ltd	Subvention Payment	180	0
WDC	Westland Holdings Ltd	Dividend	200	0
WDC	Westland Holdings Ltd	LGFA Loans, Interest & Fees	225	0
WDC	Destination Westland Ltd	Payment - Rentals	54	11
WDC	Destination Westland Ltd	Sale - Property Repairs	41	17
P M Cuff	Cuffs Ltd	Purchase - Accounting services	3	0
P M Cuff	The Beachfront Hotel Ltd	Purchase - Entertainment	1	0
R Pickworth	Westpower Ltd	Payment - Rental RT	2	0
R Pickworth	Electronet Services Ltd	Payment - Electrical Repairs	31	0
R Pickworth	Electronet Services Ltd	Westroads Sales	16	0
C Rea	Hokitika Automotive Ltd	Payment - Plant Materials & Service	47	4
C Rea	ChatR Communications Ltd	Payment - Plant Materials & Service	18	6
M Rogers	Men At Work Ltd	Payment - Traffic Management	53	9
1 July 2022 to 30 June 2023				
WDC	Westland District Council	Payment - Rentals & Rates	38	2
WDC	Westland District Council	Westroads Sales	10,515	994
WDC	Westland District Council	Subvention Payment	200	200
WDC	Westland District Council	Subvention Payment	180	180
WDC	Westland Holdings Ltd	Dividend	300	0
WDC	Westland Holdings Ltd	LGFA Loans, Interest & Fees	77	3,502
WDC	Destination Westland Ltd	Payment - Rentals	42	25
WDC	Destination Westland Ltd	Sale - Property Repairs	27	10
P M Cuff	Cuffs Ltd	Purchase - Accounting services	2	0
P M Cuff	The Beachfront Hotel Ltd	Purchase - Entertainment	7	0
R Pickworth	Westpower Ltd	Payment - Rental RT	6	1
R Pickworth	Electronet Services Ltd	Payment - Electrical Repairs	17	3
R Pickworth	Electronet Services Ltd	Westroads Sales	14	0
C Rea	ChatR Communications Ltd	Payment - Plant Materials & Service	22	0
C Rea	Hokitika Automotive Ltd	Payment - Plant Materials & Service	47	4
M Rogers	Men At Work Ltd	Payment - Traffic Management	58	9

Key management personnel disclosure

Reporting of Key management personnel includes the entire Senior Leadership Team, and the directors.

The Senior Leadership Team includes the General Manager, the Financial Controller and the West Coast Operations Manager, the Christchurch Senior Project Manager, the Head of Estimating, the Systems Manager, and the Fleet Manager. Last year's comparative figure does not include the Fleet Manager.

NZ$ (000's)	2024	2023
Key management personnel compensation comprised		
Short-term employee benefits	1,560	1,546
	1,560	**1,546**

There are no loans to or from key management personnel.

Remuneration Of Employees

Twenty-eight senior employees' remuneration and benefits totalled more than $100,000, the combined total of these twenty-four employees was $3,852,908 broken into the following bands: -

Salary Range		Employees
100,000	110,000	10
110,000	120,000	3
120,000	130,000	4
130,000	140,000	3
140,000	150,000	1
150,000	160,000	1
160,000	170,000	2
180,000	190,000	1
200,000	210,000	2
320,000	330,000	1
		28

18. EVENTS SUBSEQUENT TO BALANCE DATE

There are no events subsequent to balance date, 30th June 2024.

19 CAPITAL COMMITMENTS

At 30 June 2024, the Company had $300,586 capital commitments (2023: Nil)

20. FINANCIAL INSTRUMENTS

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

NZ$ (000's)	2024	2023
Financial Assets at amortised costs		
Cash and cash equivalents	159	1,222
Trade accounts receivable	2,515	2,923
Financial Liabilities at amortised cost		
Trade and other payables	1,881	2,048
Borrowings	2,726	4,280

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. The maximum exposure to credit risk at 30 June 2024 is equal to the carrying value for cash and cash equivalents, trade and other receivables. Credit risk is managed by restricting the amount of cash and derivative financial instruments which can be placed with any one institution and these institutions are all New Zealand registered banks with at least a Standard & Poor's rating of A.

Accordingly, the company does not require any collateral or security to support financial instruments with organisations it deals with.

The company has a credit policy in place under which customers are individually analysed for credit worthiness and assigned a purchase limit. If no external ratings are available, the Company reviews the customer's financial statements, trade references, bankers' references and/or credit agencies' reports to assess credit worthiness.

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

Credit risk is the risk that a third party will default on its obligations to the company, causing the company to incur a loss. The maximum exposure to credit risk at 30 June 2024 is equal to the carrying value for cash and cash equivalents, trade and other receivables. Credit risk is managed by restricting the amount of cash and derivative financial instruments which can be placed with any one institution and these institutions are all New Zealand registered banks with at least a Standard & Poor's rating of A. As at 30 June 2024, the Company's total cash held at BNZ is $1,221,109. BNZ has a Standards and Poor's rating of AA-.

NZ$ (000's)	Carrying amount	Contractual cashflow	Less than 6 months	6-12 months	More than 1 year
Payables (excl income in advance, taxes payable and subventions)	1,881	1,881	1,881	0	0
Secured Loans	2,726	2,921	328	1,510	1,082
Lease Liabilities	542	611	60	59	492
Debtors	(2,524)	(2,524)	(2,524)	0	0
	2,625	**2,889**	**(255)**	**1,569**	**1,575**

Fair Values

The estimated fair values of the financial assets and liabilities is equal to their carrying amounts are as stated in the Statement of Financial Position.

Capital Management

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

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 two times

NZ$ (000's)	2024	2023
Earnings Before Interest and Tax	882	1,203
Less Finance Expense	269	357
Ratio	**3.28:1**	**3.37:1**

21. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

NZ$ (000's)	2024	2023
Guarantees:		
(a) Performance Bonds in favour of Westland District Council	1,085	1,066
(b) Performance Bonds in favour of Grey District Council	395	360
(c) Mining Bonds	7	7
(d) Performance Bond in favour of Christchurch City Council	640	625
(e) Performance Bonds in favour of Fulton Hogan Ltd	0	127
(f) Performance Bond in favour of Director General of Conservation	165	165
	2,292	**2,349**

There are no contingent assets.

22. SOCIAL REPORTING

Lost Time Injury

	2023/24	2022/23	Target
Full Days Lost due to workplace accidents/incidents	15	43	0
Lost Time Injury Days as % of all days worked	0.05%	0.1%	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

	2023/24	2022/23	Target
	(000's)	(000's)	
Training Expenditure	240	242	0
Training as % of Revenue	0.9%	0.8%	0.8%

Staff Turnover

Staff turnover was at 29% (2023: 29%). 19 staff left their employment and cited the following reasons:

Retirement	3	16%
Performance/Terminated	1	5%
No reason/Job satisfaction/Study/More money	10	53%
Loss of Contract	2	11%
Relocation	1	5%
Personal/Medical	2	10%
	19	**100%**

Overall, there was a increase of 3.5% in the number of jobs (2023: decrease of 13%). As at 30 June 2024, Westroads had 116 staff employed, or 115 full time equivalent.

	Number	**%**
55 Years or older	46	40%
60 Years or older	28	24%
65 Years or older	11	9%

23. IMPUTATION CREDITS

NZ$ (000's)	**2024**	**2023**
Imputation Credits available for use in subsequent period	2,432	2,116


Westroads
KOMATSU
Westroads
ISUZU
Westroads
PUC527

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF WESTROADS LIMITED'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2024

The Auditor-General is the auditor of Westroads Limited (the company). The Auditor-General has appointed me, Bruce Loader, using the staff and resources of Ernst & Young, 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 18 to 20 and 22 to 42, that comprise the statement of financial position as at 30 June 2024, the statement of comprehensive income, statement of changes in equity and statement of cashflows 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 company on pages 21, 41 and 42.

In our opinion:

- the financial statements of the company:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2024; 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 equivalents to International Financial Reporting Standards; and

- the performance information of the company 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 2024.

Our audit was completed on 27 September 2024. This is the date at which our opinion isexpressed.

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.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the company's statement of intent.

We did not evaluate the security and controls over the electronic publication of the 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 1 to 16, 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.

Building a better
working world

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: *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) (PES 1)* issued by the New Zealand Auditing and Assurance Standards Board.

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

Bruce Loader
Ernst & Young
On behalf of the Auditor-General
Christchurch, New Zealand

Directory

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

Solicitors: Lane Neave

Company Number: 637577

Country of Incorporation: New Zealand

Insurer: AON


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